ANNUAL REPORT 1947

COMMERCIAL SOLVENTS CORPORATION CSC

KWELL OINTMENT
CSC
1 POUND SIZE
C.S.C. Pharmaceuticals
5 VIALS ONE MILLION UNITS EACH
CRYSTALLINE
PENICILLIN G SODIUM SALT
NO REFRIGERATION REQUIRED
BOTTOM—OPEN OPPOSITE END
5 VIALS 500,000 UNITS EACH
PENICILLIN G POTASSIUM SALT
5 VIALS 100,000 UNITS EACH
5 VIALS 200,000 UNITS EACH
FOR VETERINARY USE ONLY
ISOTONIC SOLUTION of SODIUM CHLO
CRYSTALLINE PENICILLIN G POTASSIUM IN OIL AND WAX
PERMANENT SYRINGE ASSEMBLY
DISPOSABLE SYRINGE ASSEMBLY
300,000 UNITS PER CC
SOLTABS
CRYSTALLINE PENICILLIN G
PENICILLIN TROCHES
5 VIALS CONTAINING 25 TROCHES EACH—5,000 UNITS PER TROCHE
LIST NO. 525
CRYSTALLINE PENICILLIN G POTASSIUM
CAUTION: TO BE DISPENSED ONLY BY OR ON THE PRESCRIPTION OF A PHYSICIAN OR DENTIST.
C.S.C. PHARMACEUTICALS
TERRE HAUTE, INDIANA, U.S.A.

CSC annual report · 1947

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GENERAL OFFICES

COMMERCIAL SOLVENTS CORPORATION
17 EAST 42ND STREET, NEW YORK 17, N. Y.

products of the pharmaceutical division

board of directors

Theodore P. Walker, Chairman

Willis H. Booth
Linus C. Coggan
Henry W. Denny
Clement R. Ford
David M. Goodrich

Samuel M. Greer
William E. S. Griswold, Sr.
George M. Moffett
Philip G. Mumford
Henry E. Perry

officers

Theodore P. Walker, Chairman, Board of Directors

Henry E. Perry, President

Henry W. Denny, Vice-President
Maynard C. Wheeler, Vice-President
Howard L. Sanders, Treasurer

Kenneth H. Hoover, Vice-President
Anthony H. Braun, Controller
Alexander R. Bergen, Secretary

stock transfer agent

Guaranty Trust Company of New York
140 Broadway, New York 15

registrar of stock

The Chase National Bank of the City of New York
11 Broad Street, New York 15

foreword

The scope of the operations of Commercial Solvents Corporation has so broadened in recent years that it is today quite a different company than in earlier years when activities were largely confined to the making and marketing of solvents and alcohols.

To inform the stockholders of the diversity of the Corporation's products and markets this annual report departs from the form of those previously submitted in that it presents not only a summary of activities during 1947, but in addition, by means of pictures, charts, and tables, it outlines the Corporation's present organization and facilities.

Dixie plant—
ammonia unit fractionating towers

the president's report

PREPARED AT THE DIRECTION, AND WITH THE APPROVAL, OF THE BOARD OF DIRECTORS

financial

The result of the Corporation's operations in 1947 demonstrates the value of adequate programs of research both in the sciences and in marketing. The raw materials—grain and molasses—essential for the manufacture of solvents and alcohol by the Corporation were in such restricted supply and so high in price that had the profits derived from the year's operations been dependent solely upon these old line products, they would have been relatively small. However, the consolidated balance sheet and the earnings statement to be found on pages 20 to 22 disclose that net sales, net profits, and dividends paid to stockholders were higher in 1947 than in any previous year in the life of the Corporation. The profits of 1947 came in most part from new products and new markets developed in recent years. The market for the Corporation's solvents and alcohols has by no means diminished and the contribution of these products to profits is expected to increase as the raw material situation improves.

Consolidated earnings for 1947 were $9,068,430 ($3.44 per share) compared with $5,719,779 ($2.17 per share) in 1946. Net sales in 1947 were $54,915,983 in comparison with $41,874,998, in 1946, an increase of 31%.

In 1947 dividends of $1.50 per share, totalling $3,955,378, were paid to stockholders while in 1946 dividends paid were $1.00 per share, a total of $2,636,878.

capital expenditures

In 1947 expenditures for buildings and equipment amounted to $4,621,152 and it is estimated that an additional sum of $5,000,000 will be required to complete all the projects authorized by the Board of Directors and at present in various stages of construction. The major portion of the expenditures made during 1947 were on projects initiated during 1946 and listed in last year's Annual Report.

Work on practically all the projects undertaken has been retarded by unforeseen delays in the delivery of materials and equipment. This has, of course, been a common experience throughout American industry in 1947.

The two principal projects authorized in 1947 were an increase in the facilities for penicillin production, estimated to cost $300,000, and additional laboratories and equipment for the Research Department costing about $1,800,000.

As the Corporation has neither long nor short term debts, the net working capital at the year end of $15,204,321 should be adequate, granted a continuance of wages and material costs at present levels, for the completion of all the authorized projects and, of course, for carrying out the Corporation's program of business in 1948.

manufacturing

Capacity production of solvents and alcohol products at the Peoria, Terre Haute, Harvey, and Agnew plants was impossible because of the shortage of the necessary raw materials—grain and molasses.

The inability of the Peoria solvent-producing plant to operate at capacity curtailed production of the riboflavin feed supplement obtained as a by-product. However, the growing need of our customers for this product was met in large part by the development of a riboflavin concentrate manufactured at Terre Haute from basic materials not dependent upon solvent production. The installation of increased production facilities for our standard riboflavin feed supplement will be completed at Peoria within a few months and it is to be hoped that both grain and molasses will be in freer supply by the time this new plant begins operations.

The rate of production of penicillin during the latter months of 1947 was more than double that at the beginning of the year. This was due in part to installation of more production facilities but in a larger part to improvements made in the manufacturing process. Despite the constantly increasing output, production has failed to keep pace with the demand.

vice-president in charge of production

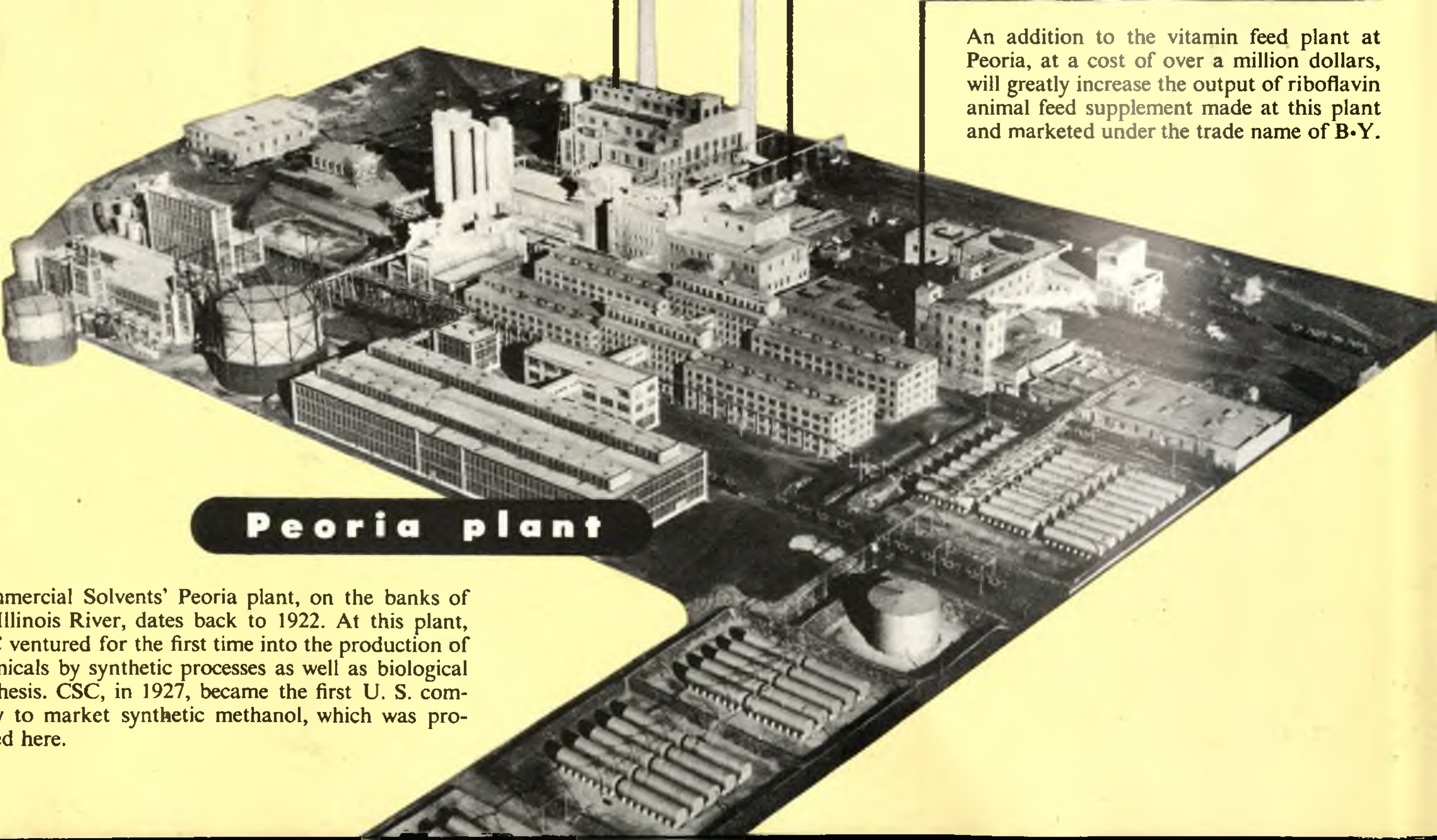
- **operations**
  - **Peoria plant**
    PEORIA, ILL.
    - Butanol Unit
    - Distillation Unit
    - Dry Ice Unit
    - Methanol Unit
    - Nitroparaffin Unit
    - Riboflavin Feed Supplements Unit
  - **Terre Haute plant**
    TERRE HAUTE, IND.
    - Alcohol Unit
    - Benzene Hexachloride Unit
    - Derivatives Unit
    - Penicillin Unit
    - Riboflavin Unit
    - Specialties Unit
  - **Agnew plant**
    AGNEW, CALIF.
    - Acetic Acid Unit
    - Alcohol Unit
    - Formaldehyde Unit
  - **Carlstadt plant**
    CARLSTADT, N. J.
  - **Newark plant**
    NEWARK, N. J.
  - **Harvey and Westwego plants**
    NEW ORLEANS, LA.
  - **Dixie plant**
    STERLINGTON, LA.
    - Ammonia Unit
    - Methanol Unit
  - **Thermatomic Carbon plant**
    STERLINGTON, LA.
- **services**
  - **engineering dept.**
  - **order dept.**
  - **purchasing dept.**
  - **traffic dept.**

Addition to the Nitroparaffin plant, completed in 1947.

New control panel, installed during 1947, for production of the Nitroparaffins.

Increase in power plant facilities was necessitated by plant expansion.

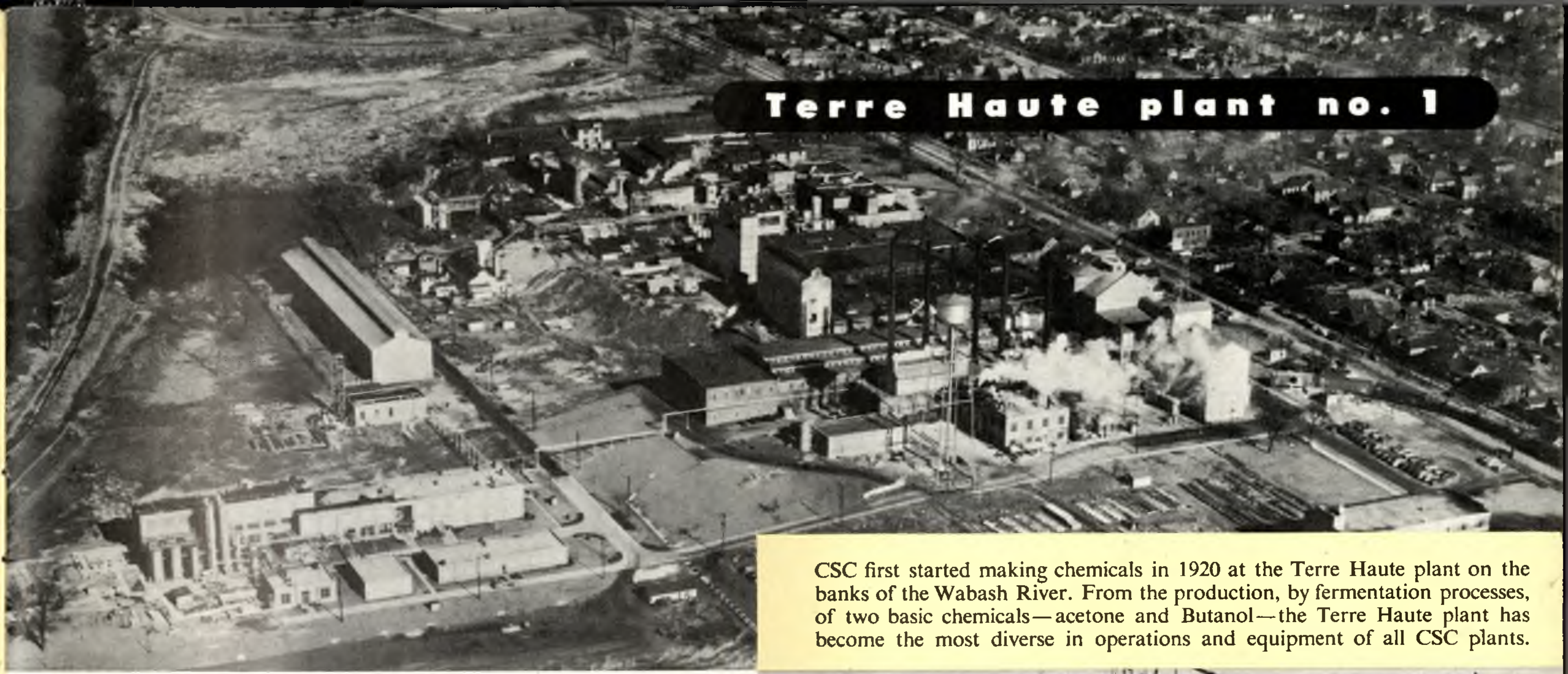
An addition to the vitamin feed plant at Peoria, at a cost of over a million dollars, will greatly increase the output of riboflavin animal feed supplement made at this plant and marketed under the trade name of B•Y.



Peoria plant

Commercial Solvents' Peoria plant, on the banks of the Illinois River, dates back to 1922. At this plant, CSC ventured for the first time into the production of chemicals by synthetic processes as well as biological synthesis. CSC, in 1927, became the first U. S. company to market synthetic methanol, which was produced here.

Terre Haute plant no. 1



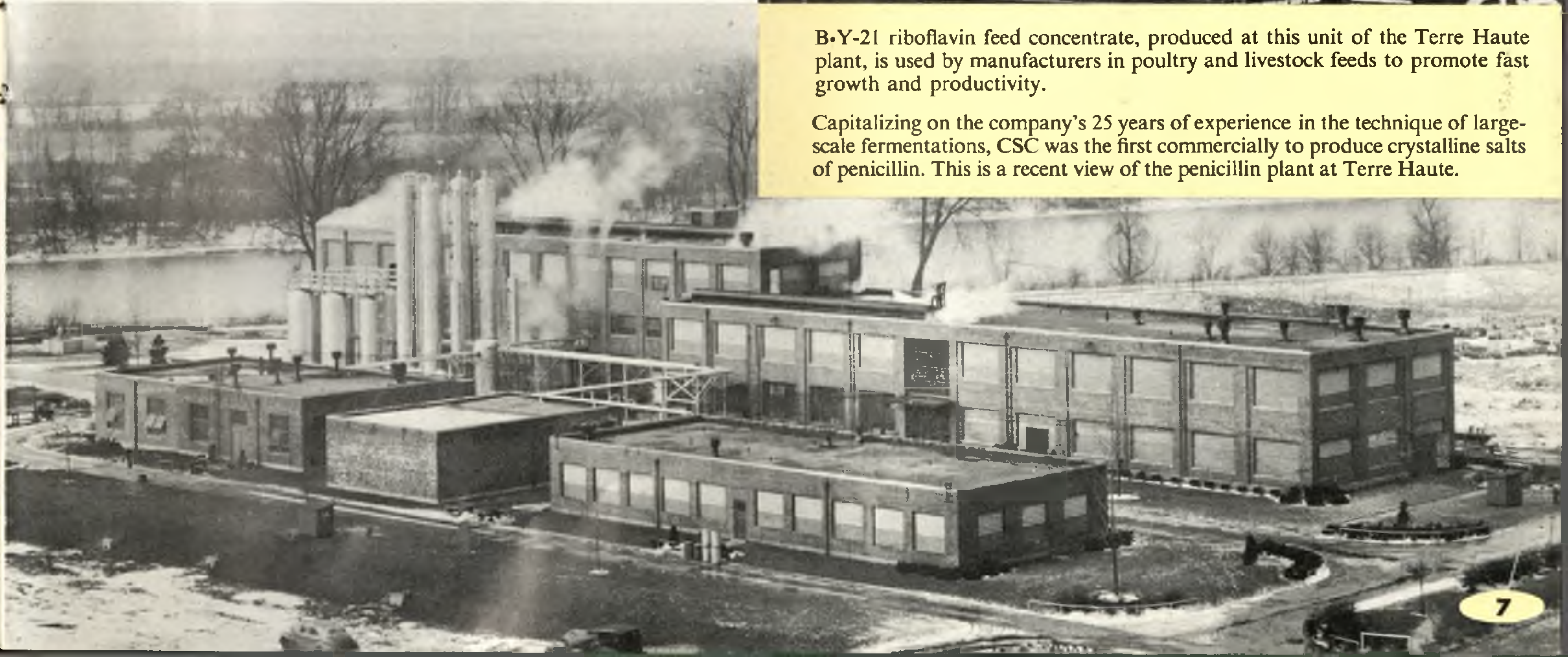
CSC first started making chemicals in 1920 at the Terre Haute plant on the banks of the Wabash River. From the production, by fermentation processes, of two basic chemicals—acetone and Butanol—the Terre Haute plant has become the most diverse in operations and equipment of all CSC plants.

Beverage spirits and whiskey were produced and, in pursuance of the corporation's policy, sold only in bulk. As the manufacturing program is based on the normal requirements of customers no substantial inventory is carried at any time. In the latter part of the year, production was discontinued for sixty days in accordance with the industry's agreement to cooperate with the Government's program for the saving of grain.

Anti-freeze and its accompanying specialty products were compounded and packaged at the new plant in Terre Haute. Production was limited by inadequate supplies of methanol, glycol, and other essential chemicals. In an endeavor to satisfy some-

B•Y-21 riboflavin feed concentrate, produced at this unit of the Terre Haute plant, is used by manufacturers in poultry and livestock feeds to promote fast growth and productivity.

Capitalizing on the company's 25 years of experience in the technique of large-scale fermentations, CSC was the first commercially to produce crystalline salts of penicillin. This is a recent view of the penicillin plant at Terre Haute.

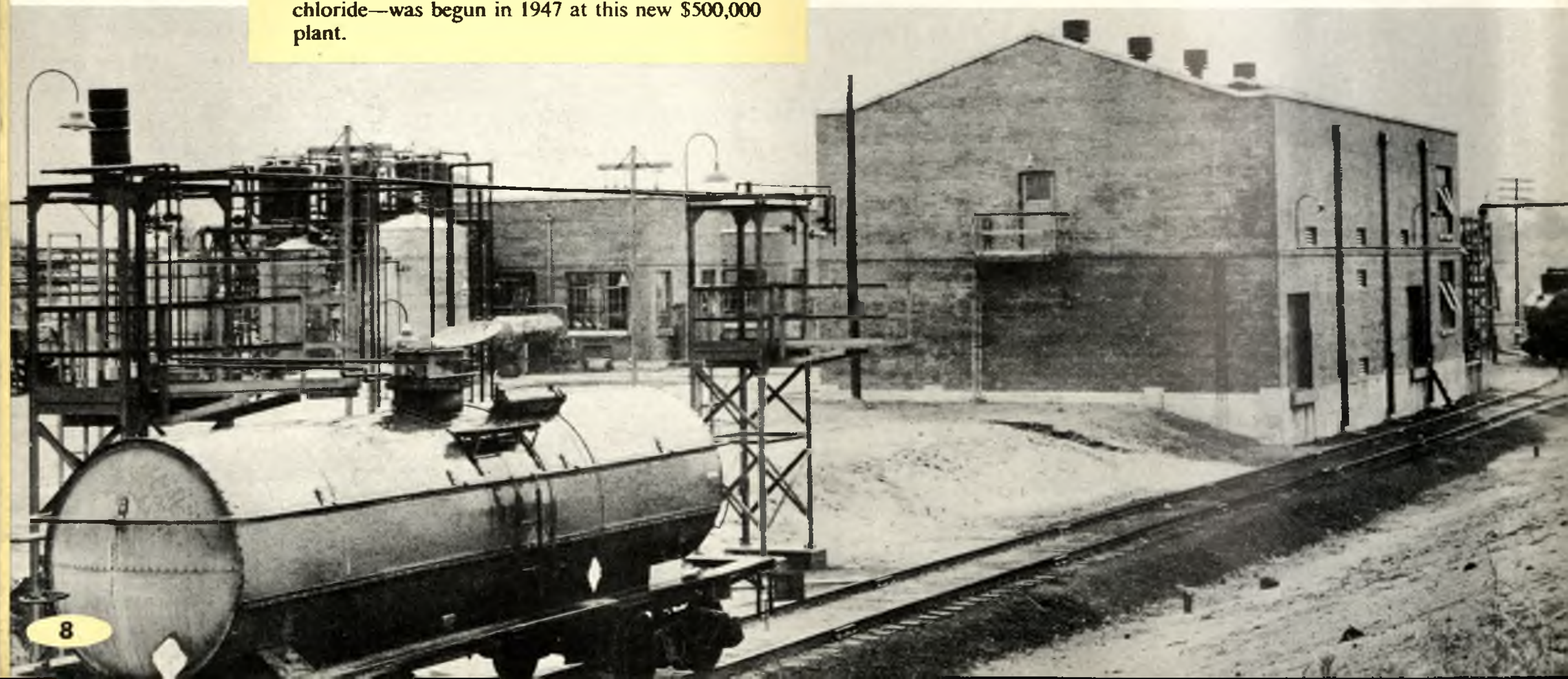


Terre Haute Lockport plant

A 30-acre site in the Lockport section of Terre Haute was acquired in 1946 to provide for the further expansion of manufacturing facilities. Indicative of the development of this area is this photograph of the Lockport plant.

The Specialties Packaging unit, strategically located between two railroads with spurs running directly to the building, contains the most modern mixing machines and automatic packaging equipment.

Mass production of one of the most effective insecticidal materials ever developed—benzene hexachloride—was begun in 1947 at this new $500,000 plant.



what the demand for anti-freeze, a considerable quantity of the old-style denatured alcohol product was made and found a ready market.

Rather more than the usual troubles expected in getting a new process into commercial operation were encountered in starting up the benzene hexachloride (insecticide) plant. The succession of difficulties was overcome and the plant is now operating at its rated capacity.

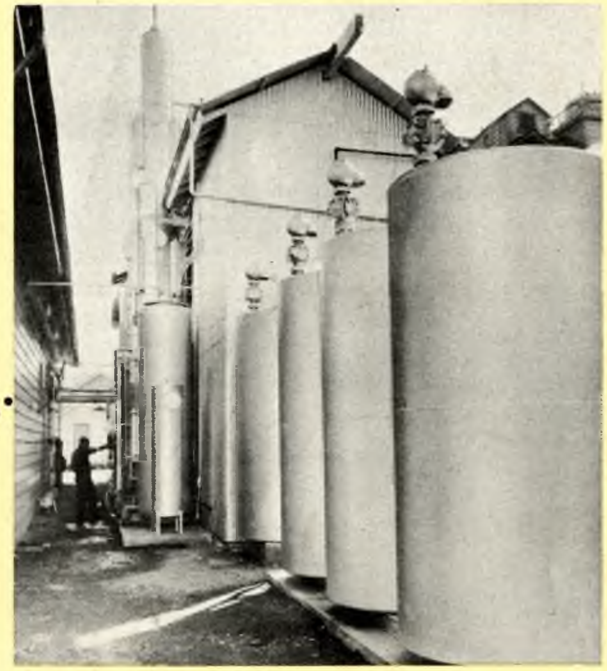
The enlargement of the formaldehyde plant at Agnew, California, was completed and it will be placed in full operation as soon as methanol, the basic material required for its manufacture, becomes available from the new production by the Dixie Chemical Division.

The Carlstadt, New Jersey, factory—acquired in December, 1946—not only produced several of our standard chemical products for distribution to customers in the eastern seaboard markets but it also

Agnew plant

In the Santa Clara Valley near San Francisco, the Agnew plant combines beauty and efficiency in converting Hawaiian molasses into alcohol.

The enlarged formaldehyde unit at Agnew supplies the West Coast with this useful chemical, in great demand by the plywood and plastics industries.



Rich in history and tradition, the plant was originally a paper mill and later became a distillery. It was one of the first to introduce advanced French distilling methods into this country, and some of the original French equipment remains. CSC acquired the plant in 1933. A succession of improvements and the installation of electronically controlled devices make Agnew one of the most efficient of CSC's plants.

Harvey and Westwego plants

The Westwego plant, located four miles up the river, is operated as an auxiliary to the one at Harvey.

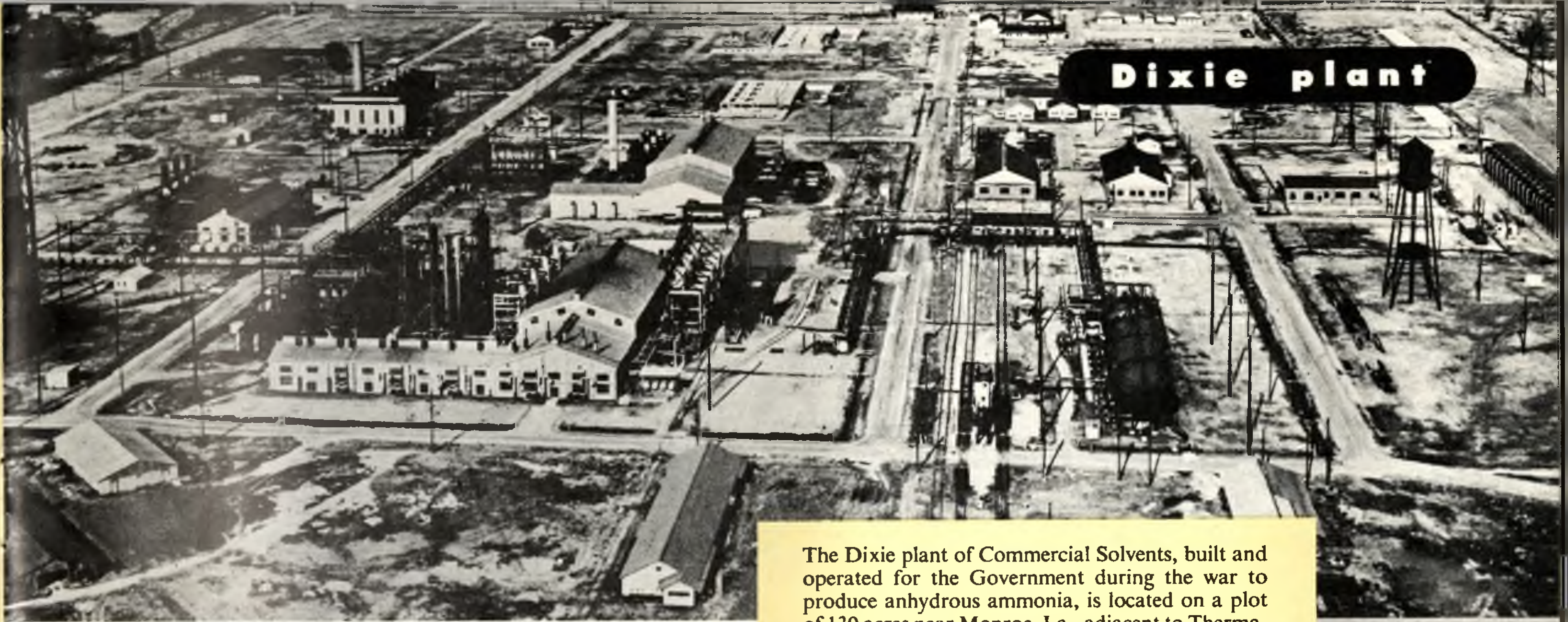
Tank steamers bring molasses for making alcohol direct from the West Indies to the Harvey, La., plant on the banks of the Mississippi River.

Carlstadt and Newark plants

The Newark plant serves as a distribution center for CSC pharmaceuticals and alcohol along the eastern seaboard.

Located on a 47-acre plot at Carlstadt, N. J., along the Erie Railroad, the Carlstadt plant produces alcohols, solvents, nitrocellulose solutions and pharmaceuticals.

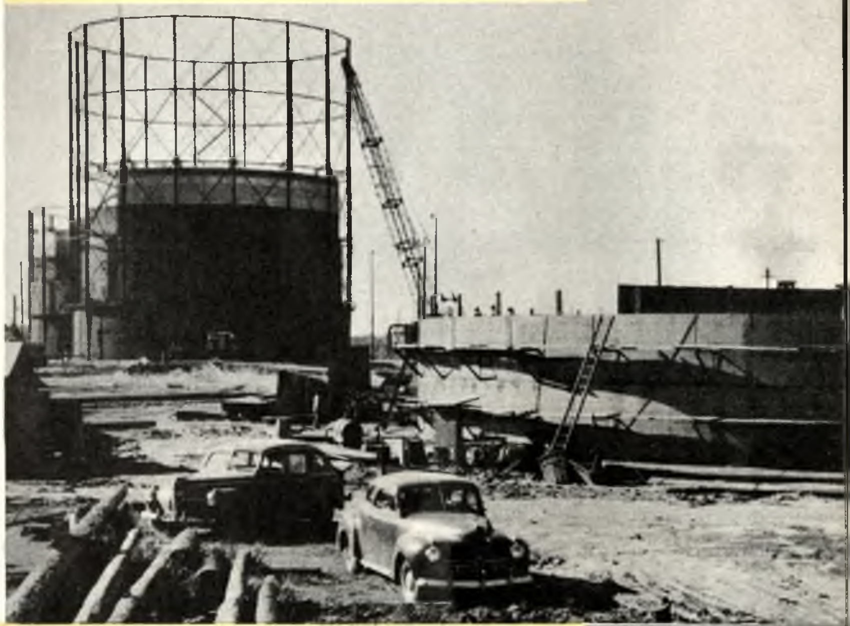
Dixie plant



The Dixie plant of Commercial Solvents, built and operated for the Government during the war to produce anhydrous ammonia, is located on a plot of 130 acres near Monroe, La., adjacent to Thermatomic Carbon Company.

manufactured two newly-developed chemical compounds which have been added to our line of solvents.

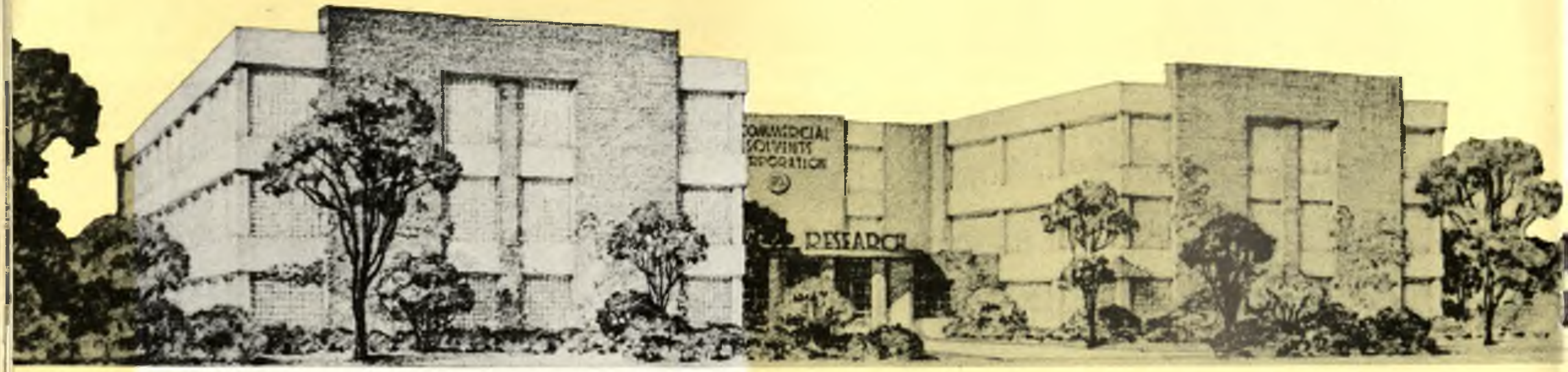
The plant of the Dixie Chemical Division at Sterlington, Louisiana, producing ammonia from natural gas, operated at capacity. Because of agriculture's great need for ammonia products as fertilizers, arrangements have been made to secure additional production but this will not become available until mid-1949. The plant for the manufacture of methanol (wood alcohol) is nearing completion at Dixie and production of this acutely-needed chemical is expected to begin in the Spring of 1948. The output of the Dixie methanol unit will be many times greater than that of our long-established plant at Peoria.



Approximately $5,000,000 is being spent for new buildings and equipment to produce methanol at the Dixie plant . . . pictured here is construction of the new gas holder to have a capacity of 1,000,000 cubic feet.

The new methanol unit will be in production this Spring. Natural gas, the raw material for both methanol and ammonia, is obtained from large gas fields in this region.

research extension

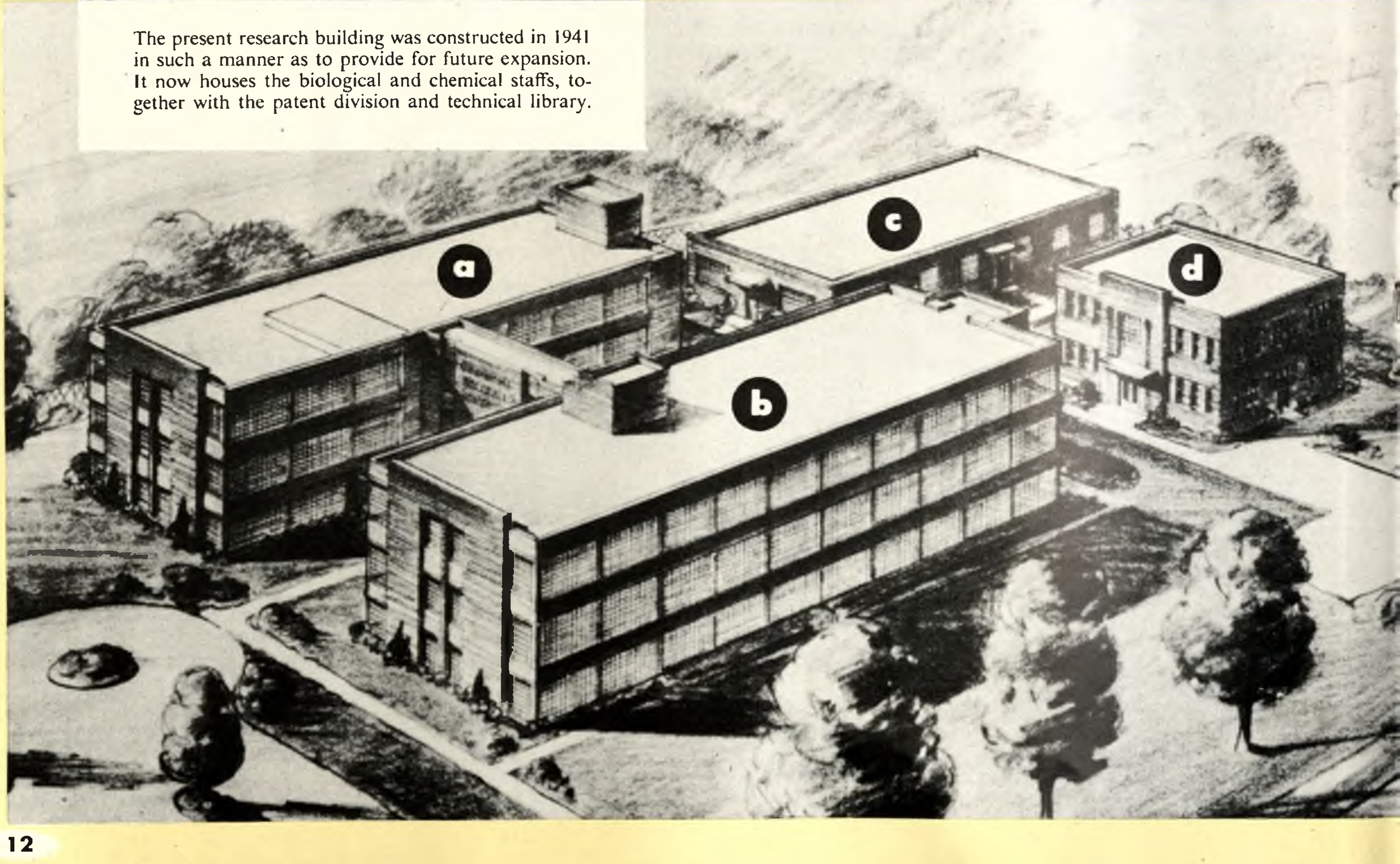


The main research building will be more than doubled in area by a new addition.

The present research building was constructed in 1941 in such a manner as to provide for future expansion. It now houses the biological and chemical staffs, together with the patent division and technical library.

Architect's drawing of the research project as it will appear upon completion.

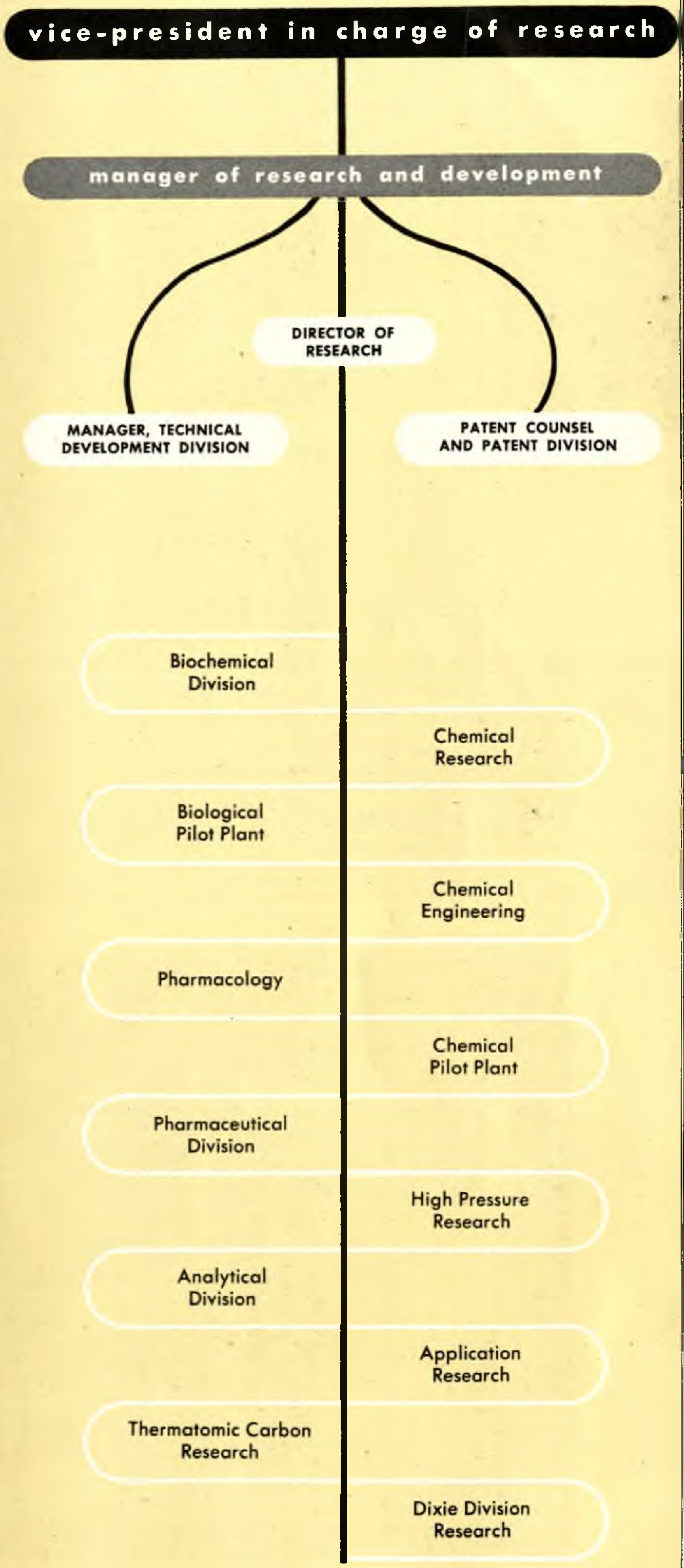
- **(a) present research building**
- **(b) addition to research building**
- **(c) pharmacological laboratory**
- **(d) high pressure research pilot plant**
- **(e) bacteriological pilot plant**

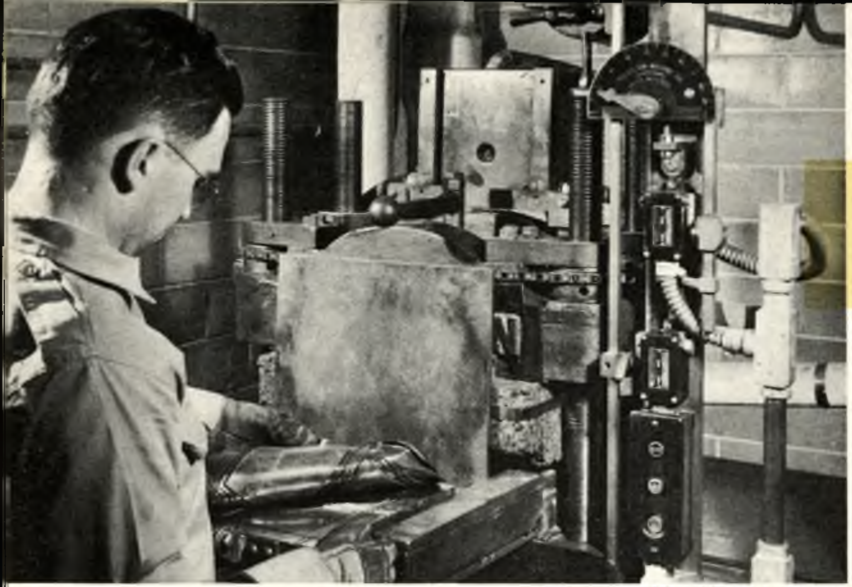


research

The personnel of the Research Department was considerably augmented during 1947 in order to support the broadening interests of the Corporation. The need for more laboratories and equipment became so urgent that at its December meeting the Board of Directors authorized additions to buildings and equipment which will more than double the present facilities of the Department.

In the chemical field the major project continues to be the study of the process for the manufacture of the nitroparaffins. Work on the nitroparaffin development, perforce discontinued during the war years, was actively resumed in 1946. Throughout the past year this development has engaged the attention not only of both the Research and Engineering Departments but also of consultants experienced in dealing with processes of this character. As a result substantial improvements have been made in process efficiency and plant design.



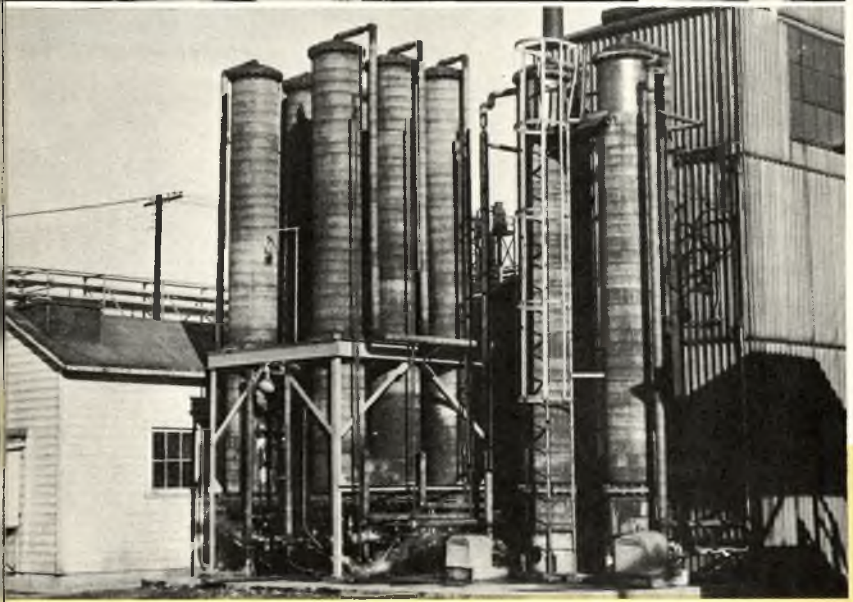


Research in the field of rubber, where many of the company's chemicals are sold, is carried on by CSC.

A pharmacologic division has been organized to implement the Corporation's activities in the pharmaceutical field. Particular attention has been paid to the development of new antibiotics and ethical drugs.

Other projects of the Research Department include the development of new insecticides, the formulation of consumer goods, the broadening of the uses for our standard chemical products in a variety of industries, and studies of processes for the manufacture of numerous chemicals derived from methanol and ammonia.

The Research Department cooperated actively with the Production Department in the development of new manufacturing processes and in improving the efficiency of existing processes.



Pilot plant at Terre Haute now producing experimental quantities of Bacitracin. This is but one of the new antibiotics upon which CSC researchers are working.

The mass spectrometer insures chemicals of the highest purity and uniformity.

sales

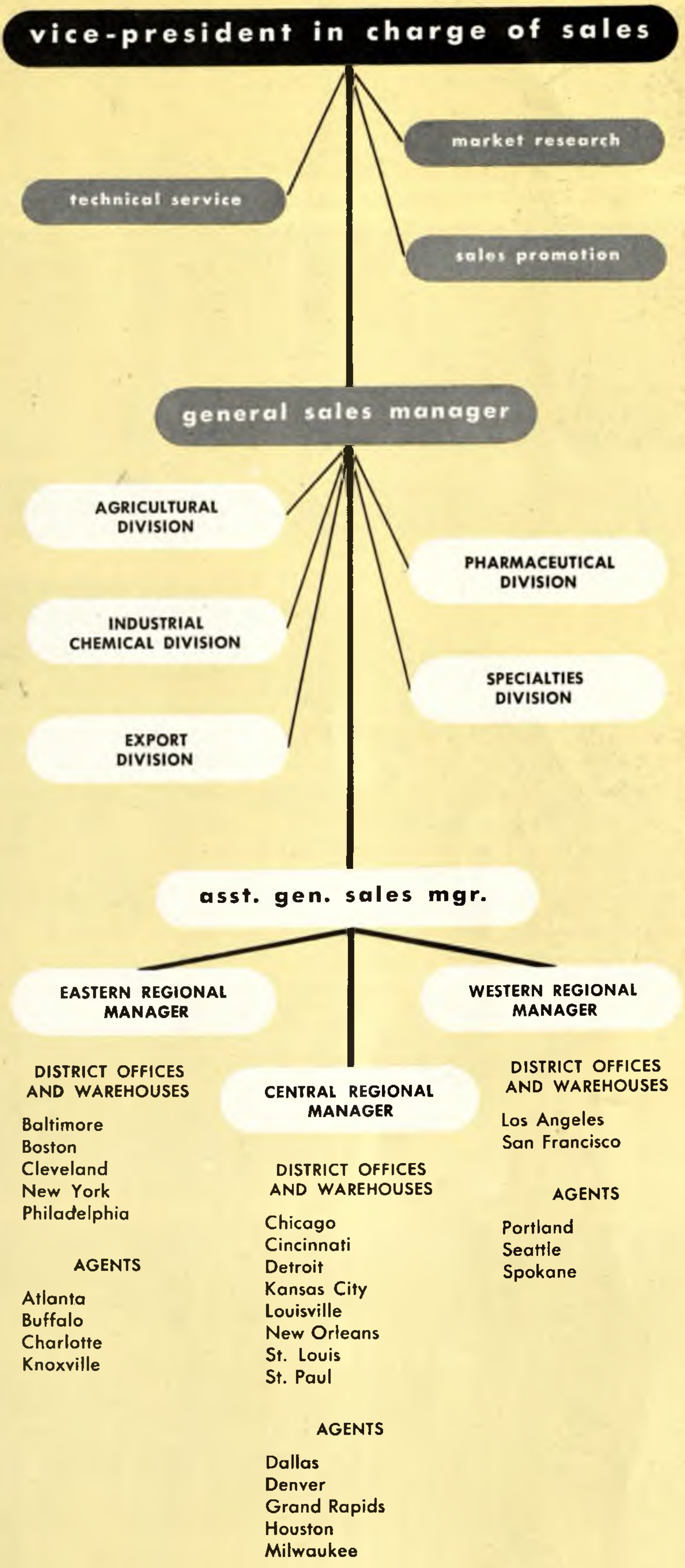
The quantity of solvents and alcohols available for sale during 1947 was less than in previous years due to the shortage of raw materials necessary for their manufacture. Furthermore, the steeply rising costs of these raw materials when moderately reflected in the pricing of the products necessitated such high selling prices as to restrict their use and cause some customers to resort to the use of less desirable but lower-priced substitutes.

The demand for many products has been far in excess of our ability to produce. This has been particularly true of methanol, ammonia, and penicillin. The market for our animal feed supplements and for the vitamin, riboflavin, has been expanding steadily. Benzene Hexachloride, the new insecticide, is finding wide applicability and the sales outlook for this product is favorable.

The nitroparaffins continue to find new fields of usefulness and sales are limited only by the capacity of our present plant at Peoria.

The sales of the Specialties Division were restricted by the shortage of materials required for the compounding of the various packaged goods in its line. Production of our two nationally advertised anti-freezes—Nor'way and Peak—was so much less than the requirements of our customers that we regretfully put into effect an allocation system in order to assure fairness of distribution. Toward the end of the year Dry-Ex, a new product very useful to motorists, was introduced. Dry-Ex added in small quantity to the gasoline tank lessens the danger of gasoline lines clogging and prevents their freezing in cold weather.

The Pharmaceutical Division has been occupied with the marketing of penicillin. New dosage forms, each having some special advantage in a special field of therapy, have been manufactured and marketed. During the latter part of the year Kwell Ointment, after having undergone extensive clinical



Publication Advertising

Point of Sale Adv

Direct Mail Advertising

Exhibits are widely used to promote company products

testing, was placed in commercial production and made available for sale. This new drug for the treatment of scabies and pediculosis has been accorded a very satisfactory reception by the medical profession.

The Export Division had its most profitable year, selling goods in 75 foreign countries and colonies.

The activity of the Corporation in the pharmaceutical business and the expansion of selling activities in other lines have required a considerable increase in the expenditure for sales promotion by advertising and related means. In 1947 the cost of advertising was approximately $900,000. The publications in which the Corporation's products were advertised during 1947 are listed at the right.

It is estimated that over 50,000 people travelling on the main line of the Pennsylvania Railroad and other railroads see daily this newly-erected sign atop the Newark plant.

where CSC advertising appeared during 1947

institutional

MAGAZINES

Business Week
Newsweek
Time

NEWSPAPERS

Barron's Financial Weekly
Chicago Journal of Commerce
Monroe World
New York Herald Tribune
New York Journal of Commerce
New York Sun
New York Times
Peoria Journal Star
Terre Haute Tribune Star
Wall Street Journal

agricultural division

Agricultural Chemicals
American Fertilizer
American Miller & Processor
Commercial Fertilizer
Commercial Fertilizer Year Book
Cooperative Digest
County Agents Directory
Entoma
Feedstuffs
Feed Bag
Feed Bag Red Book
Feed Trade Manual
Poultry Science
World Poultry Science

industrial division

Accelerator (A.C.S.)
American Paint Journal
Chemical Engineering
Chemical Engineering Guide
Chemical Engineering Catalog
Chemical & Engineering News
Chemical Industries
Chemical Industries Buyers Guidebook
Chemical Preview
Drug & Cosmetic Industry
Industrial Finishing
Official Digest
Oil, Paint & Drug Reporter
Oil, Paint & Drug Reporter Buyers Green Book
Paint, Oil & Chemical Review
Pacific Purchasor
Thomas' Register

pharmaceutical division

ETHICAL JOURNALS

America Clinica
American Journal Diseases of Children
American Journal of Nursing
American Journal of Obstetrics & Gynecology
American Journal of Public Health
American Journal of Tropical Medicine
American Journal of Syphilis, Gonorrhea and Venereal Diseases
American Journal of Surgery
Annals of Internal Medicine
Archives of Dermatology and Syphilology
California Medicine
Dental Survey
Diseases of the Chest
Geriatrics
Hebrew Medical Journal
Illinois Medical Journal
Journal of American Dental Association
Journal of American Medical Association
Journal of American Osteopathic Association
Journal of American Veterinary Medical Association
Journal National Medical Association
Journal of Pediatrics
Medical Economics
Military Surgeon
Missouri State Medical Journal
Modern Medicine
New England Journal of Medicine
New York Physician
New York State Journal of Medicine
North American Veterinarian
Ohio State Medical Journal
Oral Hygiene
Osteopathic Profession
Pennsylvania Medical Journal
Physicians Desk Reference
Southern Medical Journal
Surgery, Gynecology & Obstetrics
Veterinary Medicine

HOSPITAL JOURNALS

American Hospital Directory
Hospitals
Hospital Management
Hospital Progress
Hospital Purchasing File
Modern Hospital
Southern Hospitals

NURSING JOURNALS

American Journal of Nursing
R.N.—A Journal for Nurses
Public Health Nursing

DRUG TRADE JOURNALS

American Druggist Blue Price Book
American Professional Pharmacist
Drug Topics
Drug Topics Red Book
El Farmaceutico
Journal American Pharmaceutical Association
National Association of Retail Druggists Journal
Pharmacy International

specialties division

Collier's
Jobber Topics
Motor
Motor Age
Pathfinder
Super Service Station

Thermatomic Carbon Company, near Monroe, La., produces carbon blacks which are important ingredients in tires, tubes and other rubber products.

CSC affiliated companies

The COMOL CUBA plies the Caribbean, transporting molasses. It is owned and operated by Commercial Molasses Corporation.

Thermatomic Carbon Company: The demand for the special types of carbon black produced by Thermatomic Carbon Company continued high throughout the year 1947. Net earnings of $808,535 were $214,316 more than those for the preceding year. Dividends of $364,020 received from Thermatomic Carbon Company were $72,804 more than the amount received in 1946.

In December 1947 the entire outstanding preferred stock was redeemed, requiring the payment of $290,235. Common stock was thus the only class of stock of the Company outstanding at the year end and 65.3% of this stock is owned by Commercial Solvents Corporation.

Commercial Molasses Corporation: The earnings of Commercial Molasses Corporation increased in 1947 due principally to the profit realized from the sale of one of its tank ships. A dividend of $231,758 was paid to Commercial Solvents Corporation during 1947, $160,448 more than was received in 1946. The company continued during the year to act as agent for the Reconstruction Finance Corporation in handling the latter's molasses purchases. Since that Corporation has discontinued the purchase of molasses, the agency contract with it will terminate and the future earnings of Commercial Molasses Corporation will be derived from service fees received for purchasing and handling molasses for the account of Commercial Solvents Corporation and others, and from profits realized from the operation of its one remaining tanker vessel.

During the year Commercial Solvents Corporation increased its interest in Commercial Molasses Corporation from 47.54% to 50% by the purchase of 369 shares of the latter's common stock for $65,461.

The Management of the Corporation has always recognized that the authority with which it is endowed derives from stockholders, customers and employees. Failure to discharge satisfactorily its obligations to any of these groups would reflect upon the competence of Management. Enhancement in the real value of the stockholders' investment, improvement of service to customers, and provision of conditions which will maintain the satisfaction of employees in their jobs: these are the continuing concern of the Corporation's Management.

For the welfare of its employees the Corporation has provided plans for life insurance, retirement income, and disability benefits. All of these plans have been undertaken voluntarily by the Corporation and their application is dependent upon the fulfillment of certain service requirements by the employee. There are at present 38 employees receiving pensions, 2,317 employees of the Corporation and its affiliates are covered under group life insurance, and 2,028 employees participate in the sickness and disability plan.

The Board of Directors and the Management take this opportunity to express gratitude to the stockholders for their continuing confidence and cooperation, and to the employees for their devotion to the Corporation's interests.

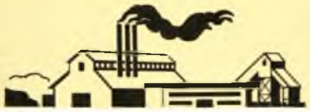
Henry E. Perry,
President

For the Board of Directors
Theodore P. Walker,
Chairman

csc products

agricultural division

Ammonia, Anhydrous
Choline Chloride
Distillers' Dried Grains
Benzene Hexachloride (Insecticide)
Riboflavin Supplements
  B • Y
  B • Y-21

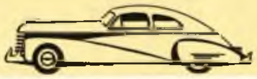


industrial division

Acetic Acid
Acetone
Alcohol, Pure and Denatured
Alkaterge-C
2-Amino-2-methyl-1, 3-propanediol
2-Amino-2-methyl-1-propanol
Amyl Acetate
Benzyltrimethylammonium chloride
Butanol
Butyl Acetate
Butyl Alcohol, Normal
Butyl Lactate
Butyl Stearate
Cellulose Acetate Plasticizers
Cellulose Acetate Solvents
Cellulose Nitrate Plasticizers
Cologne Spirits
Corn Oil
Diacetone
Dibutyl Phthalate
Dibutyl Sebacate
Diethyl Maleate
Diethyl Phthalate
Diisopropylamine
Dimethylamine
Dry Ice
Ethyl Acetate
Ethyl Formate
Formaldehyde
Hexachlorocyclohexane
Hydroxylammonium Acid Sulfate
Hydroxylammonium Chloride
Hydroxylammonium Sulfate
Isopropylamine
Metaldehyde
Methanol, Synthetic
2-Methyl-2, 4-pentanediol
Monomethylamine
Nitrocellulose Solvents
Nitroethane
Nitromethane
2-Nitro-2-methyl-1, 3-propanediol
2-Nitro-2-methyl-1-propanol
1-Nitropropane
2-Nitropropane
Quakersol
Resin Plasticizers
Resin Solvents
Riboflavin, Crystalline
Shellacol (shellac solvent)
Tributyl Phosphate
Trimethylamine
Tris(hydroxymethyl)aminomethane
Tris(hydroxymethyl)nitromethane

pharmaceutical division

Crystalline Penicillin G Sodium
  In 100,000—200,000—500,000 and 1,000,000 Unit Vials
Crystalline Penicillin G Potassium
  In 100,000—200,000—500,000 and 1,000,000 Unit Vials
Isotonic Solution of Sodium Chloride
Crystalline Penicillin G Potassium in Oil and Wax
    10cc. and 20cc. Vials
    300,000 units per cc.
Disposable Syringe Assembly
Permanent Syringe Assembly
Tablets Buffered Penicillin
  In 50,000 and 100,000 Unit Tablets
Penicillin Troches
  5000 Units per Troche
Soluble Tablets
  50,000 Units each
Crystalline Penicillin G—Veterinary
Distilled Water—Veterinary
Crystalline Penicillin G Potassium in Oil & Wax—Veterinary
Kwell Ointment



specialties division

Ajax (proprietary alcohol) Anti-freeze
Nor'way (methanol) Anti-freeze
Nor'way Anti-Rust
Nor'way Cleaner
Nor'way Quick Flush
Nor'way Stop Leak
Nor'way Dry-Ex
Nor'way Parts Cleaner
PEAK (Glycol) Anti-freeze
Quixol

thermatomic carbon company products

Carbon Blacks
  P-33
  Thermax

consolidated balance sh

assets

CURRENT ASSETS:			
Cash in banks and on hand		$ 7,346,049	
U. S. Government securities (other than tax savings notes), at cost, which approximates market		1,169,100	
Accounts receivable	$ 5,486,649		
Less: Reserve for doubtful accounts	350,600	5,136,049	
Federal tax refund claims		352,342	
Inventories of raw materials, goods in process and finished products (Note 1)		6,465,416	✓
Total Current Assets		$20,468,956	
INVESTMENTS:			
Thermatomic Carbon Company (controlled company not consolidated), at cost, less reserve (Note 2)	$ 166,972		
Commercial Molasses Corporation and The Pacific Molasses Company, Limited, at cost	1,067,937		2,000,000
Other investments, at cost or nominal value	2,106	1,237,015	
FIXED ASSETS:			
Land, buildings and equipment—at cost (including $2,364,348 of emergency facilities fully amortized)	$26,709,483		53,000,000
Less: Reserves for depreciation, amortization and obsolescence	12,861,231	13,848,252	
GOODWILL AND PATENTS		1	
DEFERRED CHARGES:			
Prepaid insurance	$ 758,090		
Supplies inventory	983,744		
Miscellaneous	258,252	2,000,086	
		$37,554,310	61,000,000

Note 1—Inventories of raw materials and goods in process are stated at the lower of cost or replacement market and finished products are stated at the lower of cost or realizable market. Cost represents average cost with the exception of molasses, which is valued on the last-in, first-out basis.

Note 2—The Corporation's equity in surplus (after dividends) of Thermatomic Carbon Company since that company's reorganization on December 1, 1935, has increased by $457,070.

ION AND SUBSIDIARY COMPANIES

eet at December 31, 1947

liabilities and capital

CURRENT LIABILITIES:			
Accounts payable			$ 2,178,416
Accrued income and other Federal taxes		$ 5,628,659	
Less: U. S. Treasury Tax Savings Notes, at cost		3,000,000	2,628,659
Other accrued taxes and expenses			457,560
Total Current Liabilities			$ 5,264,635
RESERVES:			
Contingencies (Note 3)		$ 481,947	
Miscellaneous		149,736	631,683
COMMON STOCK—NO PAR VALUE:			
Authorized—3,000,000 shares Issued —2,636,878 shares			6,593,452
CAPITAL SURPLUS			4,325,514
EARNED SURPLUS: (Note 4)			
January 1, 1947		$15,782,110	
Add: Net profit for year 1947		9,068,430	
		$24,850,540	
LESS: Dividends paid	$3,955,378		
Adjustment resulting from replacement of molasses inventory involuntarily liquidated in prior years, less tax refund	156,136	4,111,514	
December 31, 1947			20,739,026
			$37,554,310

23
66,000,020

54,907,000) 906,802

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7

Note 3—Renegotiation proceedings for the year 1945 have been concluded. A net refund of $29,623 was made to the U. S. Government and charged against the reserve for contingencies.

Note 4—A suit against the Corporation by certain employees at the Peoria plant claiming unpaid wages and liquidated damages based upon so-called portal-to-portal claims under the Fair Labor Standards Act of 1938, is still pending. Other suits against the Corporation are also pending. As it is impossible to forecast the ultimate liability, if any, that may arise under such suits, no provision therefor has been made in the accounts.

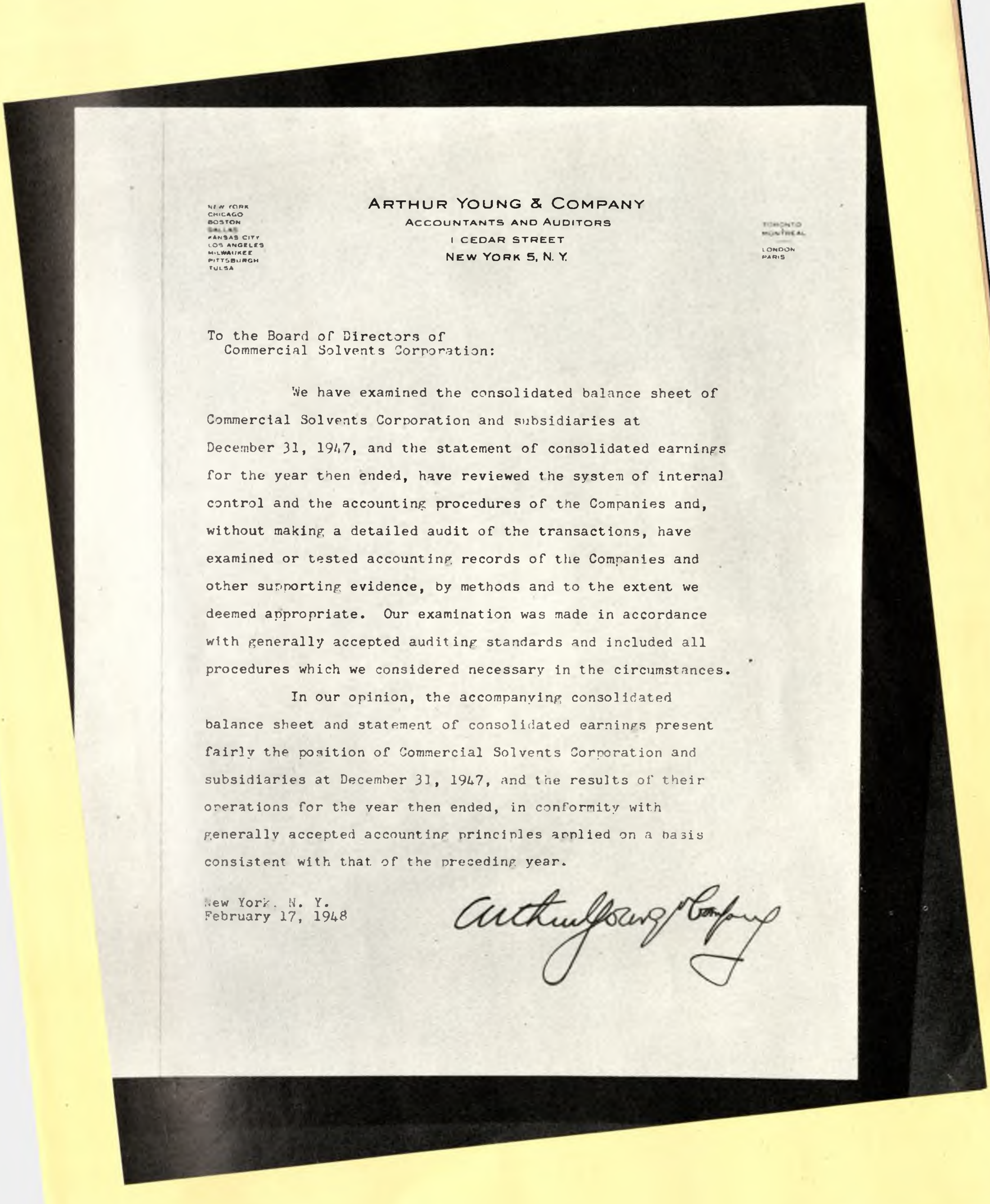
statement of consolidated earnings

FOR THE YEAR ENDED DECEMBER 31, 1947

Sales		$93,751,765
Less: Federal withdrawal tax on neutral spirits included therein		38,835,782
Sales—Net		$54,915,983
Other operating net income		65,299
		$54,981,282
Cost of sales and expenses		41,557,552
Operating profit		$13,423,730
Dividends and other income received from Thermatomic Carbon Company (Note 1)	$ 394,020	
Dividend received from Commercial Molasses Corporation	231,757	
Other dividends received	82,825	
Miscellaneous income	406,788	
	$1,115,390	
Less: Miscellaneous deductions	236,090	879,300
Net profit before Federal income taxes		$14,303,030
Provision for Federal income taxes		5,234,600
Net profit for year		$ 9,068,430

Note 1—The excess of the Corporation's equity in the 1947 earnings, less surplus charges, of Thermatomic Carbon Company over dividends received from that company during the year amounted to $145,793.

Note 2—Depreciation provided for the year on buildings and equipment amounted to $868,951.



NEW YORK
CHICAGO
BOSTON
DALLAS
KANSAS CITY
LOS ANGELES
MILWAUKEE
PITTSBURGH
TULSA

ARTHUR YOUNG & COMPANY
ACCOUNTANTS AND AUDITORS
1 CEDAR STREET
NEW YORK 5, N. Y.

TORONTO
MONTREAL

LONDON
PARIS

To the Board of Directors of
Commercial Solvents Corporation:

We have examined the consolidated balance sheet of Commercial Solvents Corporation and subsidiaries at December 31, 1947, and the statement of consolidated earnings for the year then ended, have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated earnings present fairly the position of Commercial Solvents Corporation and subsidiaries at December 31, 1947, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
February 17, 1948

Arthur Young & Company

products of the agricultural division

Anhydrous Ammonia made at Dixie plant

B•Y made at Peoria plant, and B•Y-21 produced at Terre Haute plant

Benzene Hexachloride made at Lockport plant, Terre Haute

products of the specialties division

NOR'WAY
CSC
ANTI-FREEZE
Anti-Rust
Odorless · Econ
PEAK
CSC
PERMANENT TYPE
ANTI-FREEZE
ANTI-RUST
NO EVAPORATION · NO BOIL-AWA
NOR'WAY
DRY-EX
CSC
Prevents freezing and eliminates "spitting" due to moisture in the fuel system. Dissolves sludge and gum—acts as an anti-knock agent.
NOR'WAY
CLEANER
CSC
FOR COOLING SYSTEMS
Relieves overheating and improves circulation by removing rust, grease, and scale from radiator and motor
NOR'WAY
QUICK FLUSH
CSC
FOR COOLING SYSTEMS
Removes rust, grease and sediment while driving. Improves circulation. Relieves overheating.
NOR'WAY
ANTI-RUST AND WATER PUMP LUBRICANT
CSC
FOR COOLING SYSTEMS
Protects all metals in the cooling system against rust and corrosion. Lubricates sealed water pump bearings.
NOR'WAY
STOP LEAK
CSC
FOR COOLING SYSTEMS
Seals leaks quickly and securely—will not clog cooling system

products of the industrial division

ACETIC ACID
ACETONE
ALCOHOL, PURE AND DENATURED
ALKATERGE-C
2-AMINO-2-METHYL-1,3-PROPANEDIOL
2-AMINO-2-METHYL-1-PROPANOL
AMYL ACETATE
BENZYLTRIMETHYLAMMONIUM CHLORIDE
BUTANOL
BUTYL ACETATE
BUTYL ALCOHOL, NORMAL
BUTYL LACTATE
BUTYL STEARATE
CELLULOSE ACETATE PLASTICIZERS
CELLULOSE ACETATE SOLVENTS
CELLULOSE NITRATE PLASTICIZERS
COLOGNE SPIRITS
CORN OIL
DIACETONE
DIBUTYL PHTHALATE
DIBUTYL SEBACATE
DIETHYL MALEATE
DIETHYL PHTHALATE
DIISOPROPYLAMINE
DIMETHYLAMINE
DRY ICE
ETHYL ACETATE
ETHYL FORMATE
FORMALDEHYDE
HEXACHLOROCYCLOHEXANE
HYDROXYLAMMONIUM ACID SULFATE
HYDROXYLAMMONIUM CHLORIDE
HYDROXYLAMMONIUM SULFATE
ISOPROPYLAMINE
METALDEHYDE
METHANOL, SYNTHETIC
2-METHYL-2,4-PENTANEDIOL
MONOMETHYLAMINE
NITROCELLULOSE SOLVENTS
NITROETHANE
NITROMETHANE
2-NITRO-2-METHYL-1,3-PROPANEDIOL
2-NITRO-2-METHYL-1-PROPANOL
1-NITROPROPANE
2-NITROPROPANE
QUAKERSOL
RESIN PLASTICIZERS
RESIN SOLVENTS
RIBOFLAVIN, CRYSTALLINE
SHELLACOL (SHELLAC SOLVENT)
TRIBUTYL PHOSPHATE
TRIMETHYLAMINE
TRIS(HYDROXYMETHYL)AMINOMETHANE
TRIS(HYDROXYMETHYL)NITROMETHANE

Lithographed in U.S.A.

COMMERCIAL SOLVENTS CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

APRIL 3, 1947

Notice

To the Stockholders:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of COMMERCIAL SOLVENTS CORPORATION (herein called the "Corporation") will be held at No. 7 East Redwood Street (16th floor, First National Bank Building), Baltimore, Maryland, on Thursday the 3rd day of April, 1947, at nine o'clock in the forenoon for the purpose of:

(a) Electing three members of the Board of Directors, each to hold office for a term of three years;

(b) Transacting such other business as may properly be brought before the meeting or any adjourned session or sessions thereof.

The Board of Directors has fixed the close of business on March 5, 1947 as the record date for the determination of the stockholders entitled to notice of, and to vote at, this meeting.

By order of the Board of Directors,

ALEXANDER R. BERGEN,

Secretary.

Dated, March 7, 1947.

If we do not hear from you before 10 days prior to the date of the meeting covered by this proxy and the Company requests us to sign a proxy for your shares, we shall do so.

JAMES E. BENNETT & CO.

COMMERCIAL SOLVENTS CORPORATION

ANNUAL MEETING OF STOCKHOLDERS
APRIL 3, 1947

Proxy Statement

This statement is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the annual meeting of stockholders, referred to in the foregoing notice. If the accompanying form of proxy is executed and returned it may, nevertheless, be revoked up to the time of the voting thereof. The expenses in connection with the solicitation of proxies will be borne by the Corporation. The Corporation has outstanding only one class of voting securities, namely, 2,636,878 shares of Common Stock.

ELECTION OF DIRECTORS

It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election of the following named nominees as Directors, for a term of three years subject to the provisions of the By-laws:

Henry W. Denny
Clement R. Ford
William E. S. Griswold, Sr.

all of whom are now Directors of the Corporation. In case any nominee is unable or declines to serve, the proxy may be voted for the election of another person in his stead. The management knows of no reason to anticipate that this will occur.

Information regarding these three nominees, and other persons who during the past fiscal year acted as directors and officers of the Corporation, is included in the following tabulation.

Name	Principal Occupation	Originally Elected Director
Willis H. Booth	Member, Executive and Finance Committee, International Business Machines Corporation	1920
Linus C. Coggan	Financial Vice-President, Corn Products Refining Company	1938
Henry W. Denny	Vice-President of the Corporation	1943
Clement R. Ford	Farmer	1924
David M. Goodrich	Chairman of Board, The B. F. Goodrich Company	1919
Samuel M. Greer	President, Milchester Realty Corporation	1938
William E. S. Griswold, Sr.	Chairman, Executive Committee, W. & J. Sloane	1919
George M. Moffett	Chairman of Board, Corn Products Refining Company	1925
Philip G. Mumford	President, American Machine & Metals, Inc.	1919
Henry E. Perry	Executive Vice-President of the Corporation	1939
Theodore P. Walker	President of the Corporation	1932
Officers (Not Directors)		
M. B. Jasspon	Vice-President of the Corporation	
Kenneth H. Hoover	Vice-President of the Corporation	
Maynard C. Wheeler,	Vice-President of the Corporation	
All Directors and Officers as a Group (numbering 17)		

NOTES:

① Directors' Fees and Pension Committee Fees.

② Remuneration, Directors' Fees and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $2,608.

③ Directors' Fees.

④ Remuneration, Directors' Fees and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $9,968.

⑤ Remuneration, Directors' Fees and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $9,608.

Shares of Stock Beneficially Owned Directly or Indirectly on January 1, 1947	Aggregate 1946 Remuneration from Corporation and Subsidiaries	Contributory Pension Plan	
		Corporation's Portion of Premiums	Annual Pensions at Age 65⑩
7,596	$750①		
600	800①		
None	38,360②	$16,298.76	$10,926
1,000	450③		
2,005	750③		
2,812½	900①		
3,899	500③		
12,018	150③		
100	650③		
4,000	61,080④	9,810.50	12,000
3,000	85,700⑤	17,798.36	12,000
	42,560⑥	4,436.72	10,050
	31,060⑦	3,430.39	5,932
	24,060⑧	2,959.93	5,850
	335,170⑨	59,333.38	68,709

⑥ Remuneration and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $7,508.

⑦ Remuneration and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $6,008.

⑧ Remuneration and $60 for group life insurance premium. Aggregate remuneration in 1946 exceeds 1945 by $6,508.

⑨ Remuneration, Directors' Fees, Pension Committee Fees and $540 for group life insurance premiums.

⑩ Amounts are in accordance with the Plan as now in effect and assume that the present salaries of those named continue until retirement at age 65.

During the fiscal year 1946 one employee of the Corporation and subsidiaries, other than officers and directors of the Corporation, received more than $20,000 but less than $50,000. Said remuneration amounted to $22,560. There were no such employees whose remuneration was between $50,000 and $100,000 or who received more than $100,000.

During the fiscal year 1946 remuneration in excess of $20,000 each was paid or payable to the following persons, not employees of the Corporation and other than officers or directors, for the services noted:

Name	Remuneration	Capacity in Which Received
Wickes, Riddell, Bloomer, Jacobi & McGuire	$50,600	Legal services
L. G. Maison & Company	24,000	Advertising services

OTHER MATTERS

The annual meeting is called for the purposes set forth in the notice thereof. As of the date of this proxy statement the only business which the management intends to present, or knows that others will present, is the election of three Directors. If any other matter or matters are properly brought before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their judgment.

By order of the Board of Directors,
Alexander R. Bergen,
Secretary.

PRINTED IN U. S. A.

PROXY • COMMERCIAL SOLVENTS CORPORATION • ANNUAL MEETING 1947

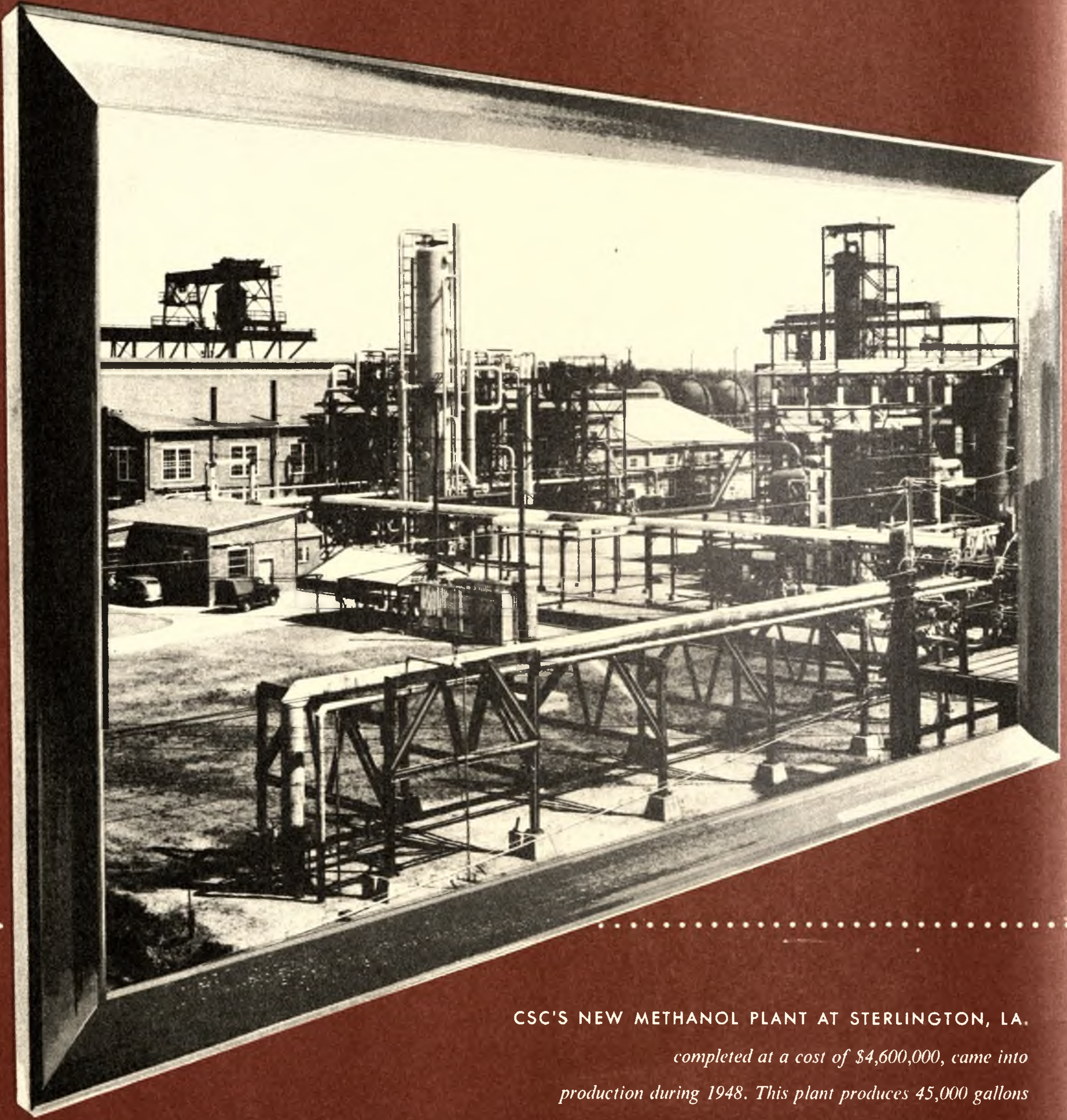
KNOW ALL MEN BY THESE PRESENTS that the undersigned, a stockholder of COMMERCIAL SOLVENTS CORPORATION (herein called the "Corporation"), does hereby appoint THEODORE P. WALKER, WILLIS H. BOOTH and ALEXANDER R. BERGEN, and each of them, the true and lawful attorneys and proxies of the undersigned, with full power of substitution and revocation, for and in the name of the undersigned to vote at the annual meeting of stockholders of the Corporation to be held on Thursday, April 3, 1947, and at any adjourned session or sessions thereof, for the election of directors, and upon any other matter or matters which may properly come before such meeting, according to the number of votes or shares which the undersigned would be entitled to vote and with all the powers which the undersigned would possess if personally present. A majority of such attorneys and proxies, or their substitutes, as shall be present and shall act at the meeting (or if only one be present and act, then that one) shall have and may exercise all of the powers of all of the said attorneys and proxies.

THIS PROXY IS NOT TO BE USED. YOU MAY EXPRESS YOUR WISHES BY SIGNING AND MAILING THE ACCOMPANYING CARD TO YOUR BROKER OR NOMINEE.

ANNUAL REPORT 1948

COMMERCIAL SOLVENTS CORPORATION

CSC



CSC'S NEW METHANOL PLANT AT STERLINGTON, LA. *completed at a cost of $4,600,000, came into production during 1948. This plant produces 45,000 gallons of methanol per day synthetically from natural gas.*

29th ANNUAL REPORT OF THE BOARD OF DIRECTORS, 1948

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Processes and Products Chart . . . Insert (Back Cover)

COMMERCIAL SOLVENTS CORPORATION
General Offices, 17 East 42nd Street, New York 17, N.Y.

HAROLD H. HELM, PRESIDENT, CHEMICAL BANK AND TRUST COMPANY

Mr. Helm, in 1920, joined the Chemical National Bank which later changed its name to the Chemical Bank and Trust Company. He became Vice-President in 1929, a director in 1941, First Vice-President in 1946, and President in 1947. Mr. Helm is also a director of Corn Products Refining Company, the Home Insurance Company, City Investing Company, Cedar-Temple Realty Corporation, and Phelan Realty Corporation. Mr. Helm was elected to the Board of Directors of Commercial Solvents Corporation in 1948.

AUSTIN S. IGLEHEART, PRESIDENT, GENERAL FOODS CORPORATION

Mr. Igleheart was first associated with Igleheart Brothers, Inc. which, in 1926, joined General Foods. Elected General Foods Vice-President in Charge of Manufacturing and Transportation in 1929, he became successively Vice-President in Charge of Sales and Executive Vice-President. In 1943, he became President of General Foods. Mr. Igleheart is also a director of Grocery Manufacturers of America, National Association of Manufacturers, Chase National Bank, and Chicago and Eastern Illinois Railroad. Mr. Igleheart was elected a Director of Commercial Solvents Corporation in 1948.

Directors

Willis H. Booth, *Member of Executive and Finance Committee, International Business Machines Corp.*

Henry W. Denny, *Vice President*

Clement R. Ford, *Farmer*

David M. Goodrich, *Chairman of the Board, The B. F. Goodrich Co.*

William E. S. Griswold, Sr., *Chairman of Executive Committee, W. & J. Sloane*

Harold H. Helm, *President, Chemical Bank and Trust Company*

Austin S. Igleheart, *President, General Foods Corporation*

George M. Moffett, *Chairman of the Board, Corn Products Refining Co.*

Philip G. Mumford, *Chairman of the Board, American Machine and Metals Inc.*

Henry E. Perry, *President*

Theodore P. Walker, *Chairman of the Board*

Officers

Theodore P. Walker, *Chairman, Board of Directors*

Henry E. Perry, *President*

Henry W. Denny, *Vice-President*

Kenneth H. Hoover, *Vice-President*

Maynard C. Wheeler, *Vice-President*

Howard L. Sanders, *Treasurer*

Alexander R. Bergen, *Secretary*

Anthony H. Braun, *Controller*

Transfer Agent

GUARANTY TRUST COMPANY OF NEW YORK 140 Broadway, New York 15

Registrar

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK 11 Broad Street, New York 15

Five-Year Statistical Review

	1948	1947	1946	1945	1944
Income:					
Sales—net	$41,533,864	$54,915,983	$41,874,998	$40,284,861	$44,437,271
Dividends and other income	1,600,954	1,180,689	852,330	598,728	873,065
Total income	$43,134,818	$56,096,672	$42,727,328	$40,883,589	$45,310,336
Costs and Expenses:					
Wages and salaries, pensions, group insurance, and social security taxes	$ 7,936,056	$ 7,817,347	$ 6,024,459	$ 5,444,202	$ 5,174,292
Raw materials, supplies and other expenses	25,088,390	32,755,724	27,082,872	27,087,981(1)	30,708,411(1)
Depreciation on buildings and equipment	1,182,780	868,951	398,852	1,289,554(2)	747,117(2)
Taxes—Federal, State and Local	3,384,355	5,586,220	3,501,366	5,028,434	6,159,385
Total costs and expenses	$37,591,581	$47,028,242	$37,007,549	$38,850,171	$42,789,205
Net earnings	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,033,418	$ 2,521,131
Dividends paid to stockholders	3,955,438	3,955,378	2,636,878	1,977,659	1,977,659
Year's earnings employed in the business	$ 1,587,799	$ 5,113,052	$ 3,082,901	$ 55,759	$ 543,472
Expenditures for land, buildings and equipment	$ 4,992,732	$ 4,621,152	$ 7,109,446	$ 400,638	$ 1,214,817
Net earnings per share	$ 2.10	$ 3.44	$ 2.17	$ .77	$ .96
Dividends paid per share	$ 1.50	$ 1.50	$ 1.00	$ .75	$ .75
Number of stockholders at end of year	23,693	23,912	24,897	24,712	25,461

(1) Includes provision for contingencies—$100,000 (1945), $250,000 (1944).

(2) Includes amortization of emergency facilities—$958,881 (1945), $436,877 (1944).

The President's Letter

The net earnings for 1948 were $2.10 per share. A statistical comparison of the results of operations in 1948 with those of the preceding four years is presented on the opposite page.

1948 was a year of constructive adjustment in the Corporation's business. Factors which adversely affected sales and earnings throughout most of the year were replaced during the closing months by developments favorable to future operations.

Dollar volume of sales and earnings were depressed by three major influences: 1. A restricted market for our old-line solvents and alcohol products, due to high raw material costs; 2. A sharp and continuing decline in penicillin prices; and, 3. The limitation of anti-freeze sales due to an unanticipated shortage of the basic materials essential for the manufacture of our anti-freeze products.

* * *

For ten months of 1948 sales of our principal chemical and alcohol products were handicapped by the high selling prices imposed by the high costs of the raw materials, corn or molasses, used in their manufacture. In October the bumper crop caused the price of corn to drop sharply. An abrupt decline in the price of molasses followed. In consequence, the costs of making our fermentation-process chemicals and alcohol products were reduced, their prices lowered and their markets thereby enlarged. A continuance of favorable raw material costs seems assured.

C.S.C. Pharmaceuticals, as the division of the Sales Department marketing drug products is designated, sold a larger quantity of penicillin in 1948 than in 1947. However, a continuing decline in price reduced dollar volume of sales below the 1947 level. The growth of our sales during the past year is attributable to our having reached more directly the ultimate markets through the initiative of our own sales force, and also to the increased acceptance of our pharmaceutical products by the medical profession.

The shortage of basic materials for making our anti-freeze products—mentioned above as the third major factor adversely affecting sales in 1948—will not prevail next season. The materials necessary for the production of our two brands of anti-freeze, NOR'WAY and PEAK should be available in more adequate quantities. Hence the market for these well-established products can be broadened.

* * *

The business of Commercial Solvents Corporation is today really five independent businesses: 1: Industrial chemicals, 2: Pharmaceuticals, 3: Agricultural chemicals (feed, fertilizer, insecticide), 4: Automotive chemical specialties (consumer goods), and 5: potable spirits. These five businesses, diverse as they may seem, are rational extensions of our fundamental operations.

The operations of these five divisions of the Corporation's business during 1948 are presented in some detail elsewhere in this Report. Here attention is called to the significant developments of the year.

In the chemical field the most noteworthy accomplishment was the completion of the new methanol plant at Sterlington, Louisiana. This plant, producing methanol synthetically from natural gas, came smoothly into operation in May. It quickly attained its capacity output of 45,000 gallons per day, fifteen (15) times that of the original synthetic methanol unit which began production in 1926 at the Peoria plant. This Dixie methanol project was completed in eighteen months at a cost of $4,600,000 and includes not only the producing units but also facilities for compounding and packaging NOR'WAY anti-freeze of which methanol is the basic ingredient.

As the prices of the raw materials—corn and molasses—for our fermentation-process chemical and alcohol products decline, the long-range price trend of the competitive raw materials, petroleum and natural gas, is upward. Furthermore, the costs of labor, maintenance, and replacement of equipment have increased greatly in recent years, and these factors influence the cost of petroleum-derived chemicals much more than they do that of the Corporation's more simply-produced fermentation products.

As is shown by the chart inserted in this Report, Commercial Solvents' manufacturing operations are well-balanced between fermentation and synthetic processes. It is not proposed here to compare the merits of synthetic chemical processes based upon petroleum and natural gas with those of fermentation processes based upon reproducible crops. However, in view of the upward trend in the costs of petroleum products, as well as in those of equipment and labor, it becomes advisable to re-evaluate our program for undertaking a large-scale operation to manufacture the nitroparaffin chemicals which have been in production on a relatively small scale for a number of years at the Peoria plant. The nitroparaffins utilize, as raw materials, products derived from natural gas or petroleum, and the equipment necessary for the manufacture of the nitroparaffins and their derivative chemicals is elaborate and costly. A plant adequate to care for the large potential market for the nitroparaffins, and their known useful derivatives, would require a very large capital investment. Such a plant would today cost three times the pre-war estimate. Pending decision as to the wisdom, economically, of increasing production capacity for the nitroparaffins, work goes forward intensively on scientific phases of the development.

Our pharmaceutical business is expanding encouragingly. Several new drugs, described elsewhere in this Report, were introduced in 1948. They are ethical products—available only on doctors' prescriptions—and their merit was demonstrated by lengthy clinical testing before being brought upon the market. Perhaps the most promising of these new pharmaceuticals is Bacitracin, a new antibiotic effective against many disease organisms immune to penicillin.

* * *

The market for anhydrous (water-free) ammonia applied directly to the soil as a fertilizer has assumed astounding proportions because of the almost unbelievable productivity of areas so fertilized in the growing of cotton, corn, sugar cane, rice and certain vegetables. The ammonia plant at Sterlington, Louisiana, operating at full capacity throughout the year, has been able to supply but a fraction of the demands made upon it by planters in the surrounding area.

* * *

In last year's Annual Report it was stated that arrangements had been made to secure additional ammonia for marketing beginning at mid-1949. This additional ammonia was to become available as the result of a contract entered into with The Mathieson Alkali Works, Inc. (now the Mathieson Chemical Corporation) to buy the major portion of the ammonia produced at Lake Charles, Louisiana, in a plant leased by Mathieson from the United States Government. The contract was to run for eight years. During the past year Mathieson purchased the Lake Charles plant from the government and in furtherance of its own operations desired to be released from the contract with us. This was accomplished by an agreement to pay Commercial Solvents Corporation the sum of $2,600,000. A payment of $500,000 was received in December, 1948, the balance to be received in installments over the next eight years.

* * *

After careful study it was decided that, to provide for the future profits of the Corporation, it was wise to increase expenditures for scientific research and for promoting the sale of our pharmaceutical products. Expenditures for these two purposes in 1948 exceeded those made in 1947 by more than $600,000.

The essentiality and profitability of scientific research to Commercial Solvents Corporation have been conclusively demonstrated. Expenditures for research in the various fields of science within which our operations fall now total about one million eight hundred thousand ($1,800,000) dollars per year. Early in 1949 expansion of the research facilities—buildings and equipment—will be completed at a cost close to two million dollars.

AFFILIATED COMPANIES

Thermatomic Carbon Company

Dividends of $364,020 received from Thermatomic Carbon Company were the same in amount as those received in 1947.

The special types of carbon black produced by Thermatomic Carbon Company and used principally in the manufacture of rubber tires and tubes, continued in high demand during 1948. Export shipments accounted for 17% of the tonnage shipped, as compared with 20% in the preceding year.

Commercial Molasses Corporation

Dividends of $375,000 received from Commercial Molasses Corporation were $143,242 more than the amount received in 1947. Decreased needs for working capital permitted larger dividends to be paid out of accumulated earnings.

Last year's Annual Report stated that the future earnings of Commercial Molasses Corporation would be derived from service fees received from purchasing and handling molasses for the account of Commercial Solvents Corporation and others, and from profits realized from the operation of its one remaining tanker vessel. Rather than expend several hundred thousand dollars for necessary repairs and renewals to obtain insurance coverage on this vessel, which was built in 1919, it was sold in December, 1948. The earnings of Commercial Molasses Corporation were higher than those for the preceding year due primarily to non-recurring income resulting from this sale.

DIRECTORS

It is with profound regret that we record the death on September 19, 1948 of Samuel Miller Greer, a member of the Board of Directors since April 22, 1938. His keen business sense contributed greatly to the consideration of all problems affecting the operations of the Corporation. His associates here pay special tribute to his great human traits—as a man and as a friend—his breadth of vision, his sound judgment, his benevolence, and his kindly regard for others.

* * *

At the December meeting of the Board of Directors, Mr. Linus C. Coggan resigned from its membership in consequence of his wish to retire from some of his many business activities. Mr. Coggan was elected to the Board in 1938. His extensive business experience and wise counsel have been of invaluable assistance to both the Management and the Board of Directors.

* * *

The Board of Directors is pleased to announce that at its December meeting, Mr. Austin S. Igleheart, President of General Foods Corporation, and Mr. Harold H. Helm, President of the Chemical Bank and Trust Company, were elected Directors of the Corporation.

* * *

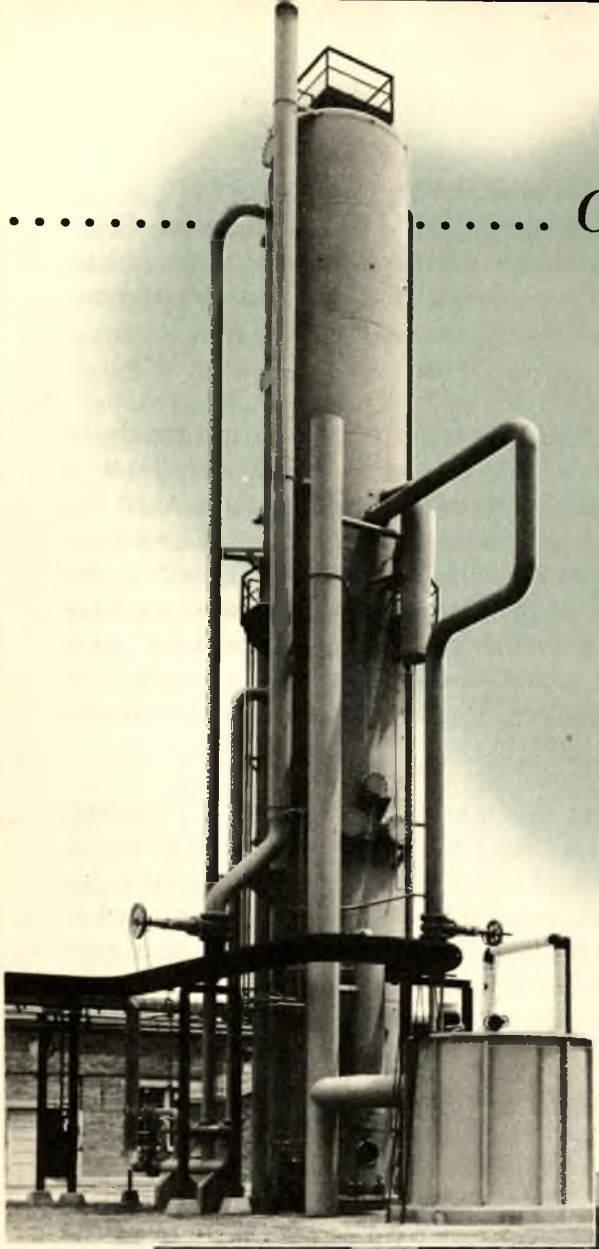
The Board of Directors and the Management again take this opportunity to express gratitude to the stockholders for their continuing confidence and cooperation, and to the employees for their devotion to the Corporation's interest.

Prepared at the direction, and with the approval, of the Board of Directors.

Henry E. Perry
President

For the Board of Directors
Theodore P. Walker,
Chairman

February 23, 1949



GENERAL REVIEW

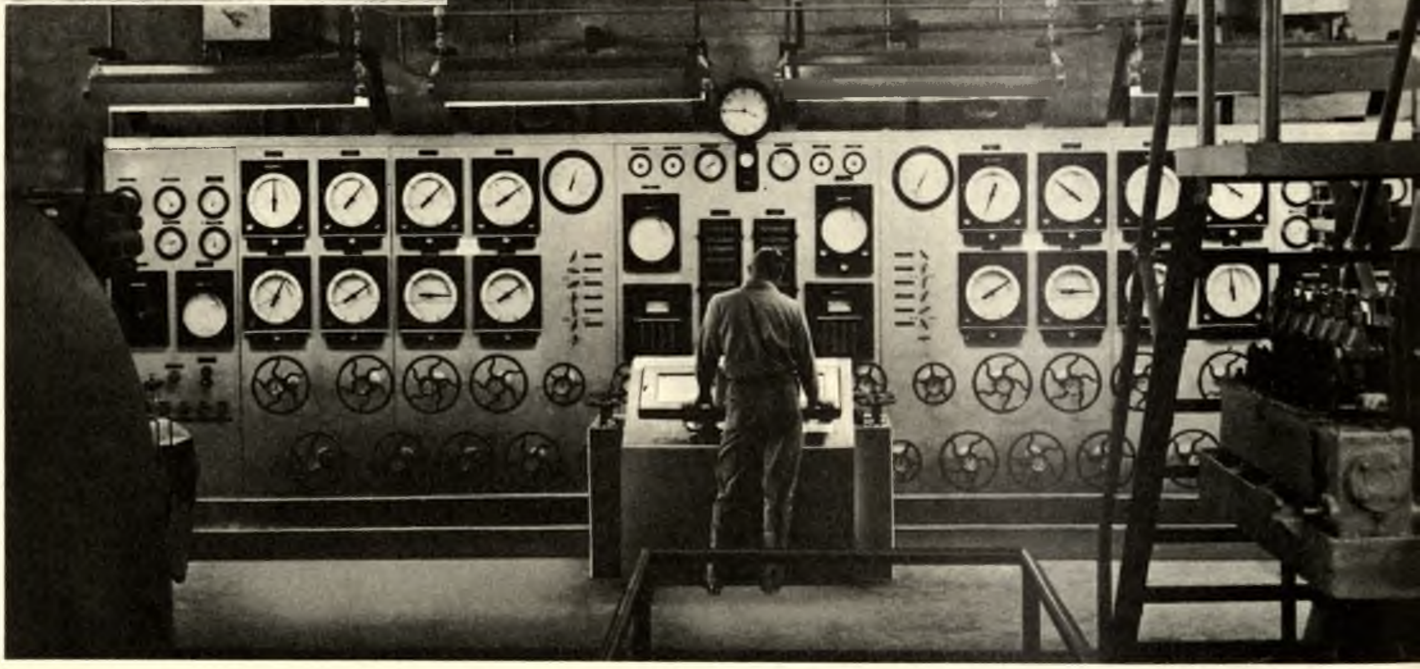
Production

The new methanol plant at Sterlington, Louisiana, came into production in May and operated at capacity throughout the balance of the year.

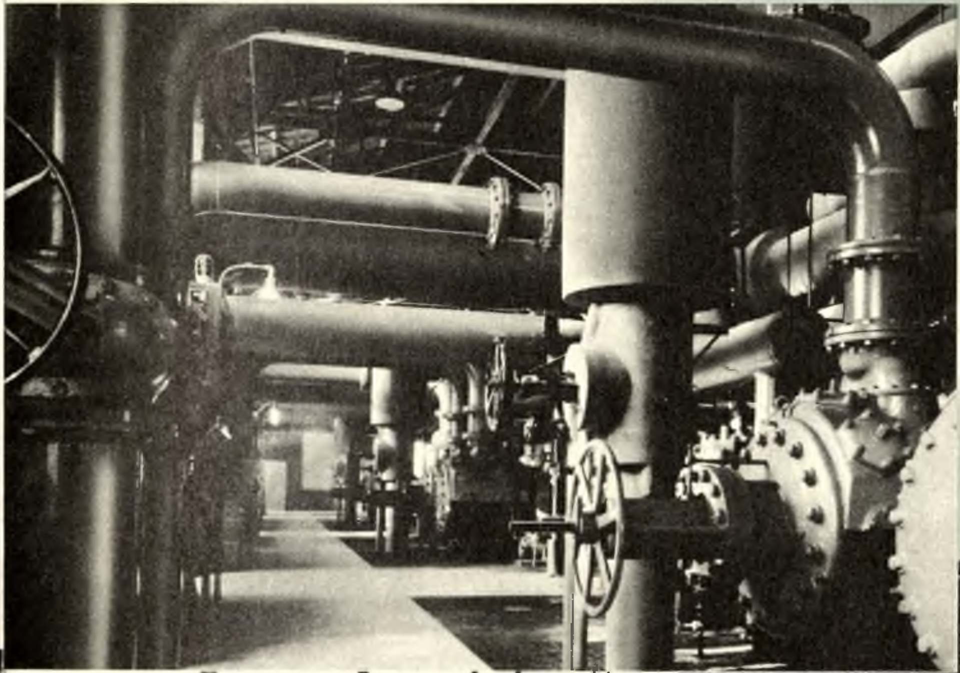
The Peoria plant was out of production for nearly five months (April to September) due to a strike which resulted in the elimination of the United Mine Workers union. The plant now has two American Federation of Labor unions. This strike brought about not only a loss of production but it also delayed the completion of the addition to the vitamin feed supplement plant.

It is now expected that the addition to the vitamin feed plant will come into operation in March, 1949 thus making available for marketing a substantially increased quantity of B·Y Feed, a riboflavin-containing supplement widely used by manufacturers of mixed feeds. This addition to feed supplement production capacity is estimated to cost $1,700,000.

Shown below is the control panel of the new methanol unit



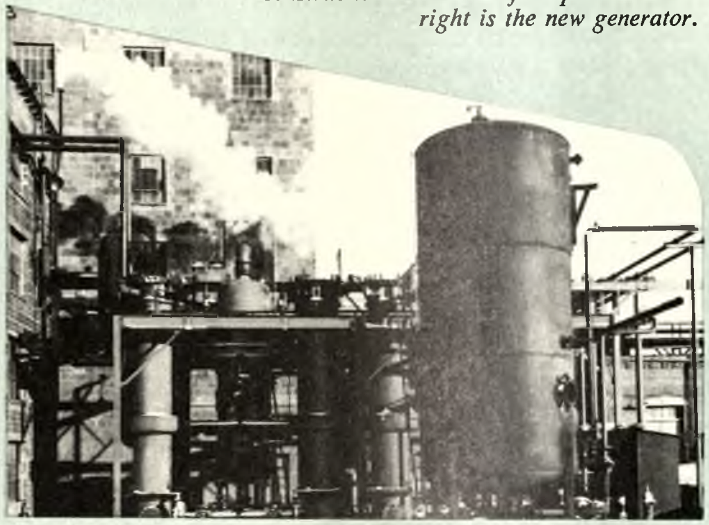
The new methanol unit came smoothly into production in May, 1948



On the left is a view of the huge compressors used in producing methanol from natural gas

The methanol project also includes facilities for compounding and packaging Nor'way *(methanol) anti-freeze. Below are views of one of the* Nor'way *packaging lines, the loading platform, and the new packaging building*

Below at the left is shown the spray dryers under construction at the new feed plant. To the right is the new generator.



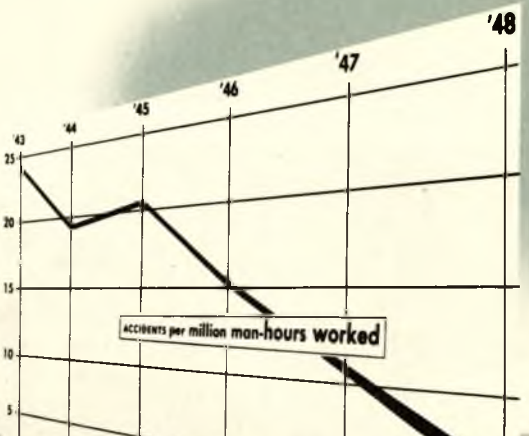
As has been previously mentioned, the high costs of corn and molasses during ten months of the year curtailed the markets for fermentation-process solvents and industrial alcohol and so limited production at the Terre Haute, Harvey and Agnew plants, none of which operated at capacity during the last half of the year.

Several new chemicals were placed in production during 1948, the more important being dibutyl maleate, diethyl maleate and benzyltrimethylammonium chloride. The manufacture of a new type of the vitamin riboflavin was begun at the year end.

Bacitracin, the new antibiotic, was translated from pilot plant to commercial production.

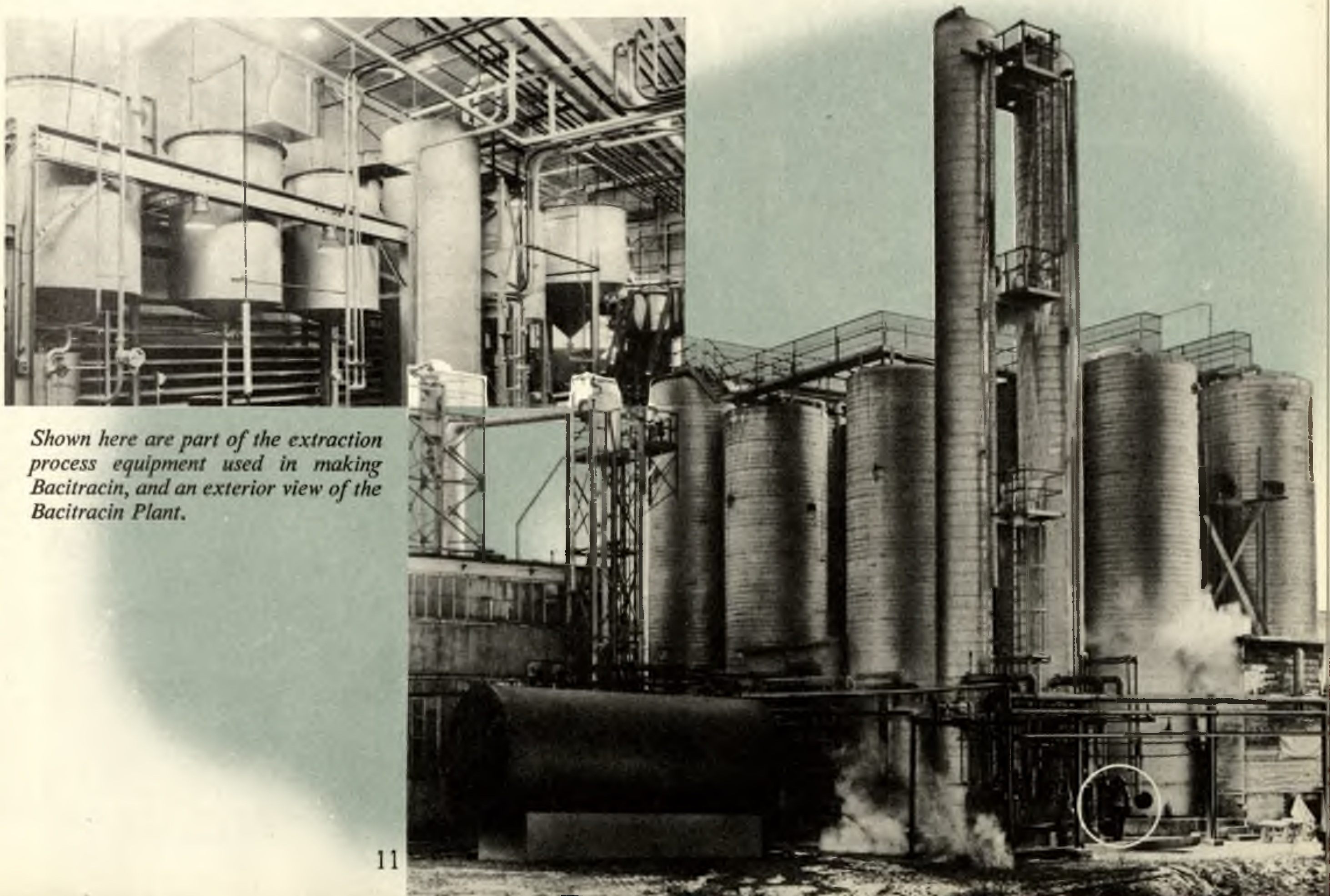
Above are the new feed plant control panel, a semi-automatic bagger, and the new automatic conveyor which speeds loading of B·Y feed into freight car.

The excellent safety record achieved by the Corporation's workers is an accomplishment of which any manufacturer may be proud for it reflects the acceptance of individual responsibility for proper planning and execution of each job. The accident rate for 1948 was 6.43, the lowest ever achieved by the Company. In comparison, the rate for the whole chemical industry is 8.86 and the average for all industry is 13.26 (latest figures available).



Terre Haute Plant receives CSC Safety Award

• •



Shown here are part of the extraction process equipment used in making Bacitracin, and an exterior view of the Bacitracin Plant.

◄ *Annual picnic at Terre Haute plant*

◄ *CSC choir gives a recital*

▲ *Christmas presentation staged at the Dixie plant*

◄ *CSC girls have their own teams*

◄ *NOR'WAY basketball team is a leader in its league*

Dixie plant baseball team

One of CSC's bowling leagues in action at Peoria

20-Year Club annual dinner at Terre Haute

One of CSC's rifle teams

Christmas party at Peoria

Employees

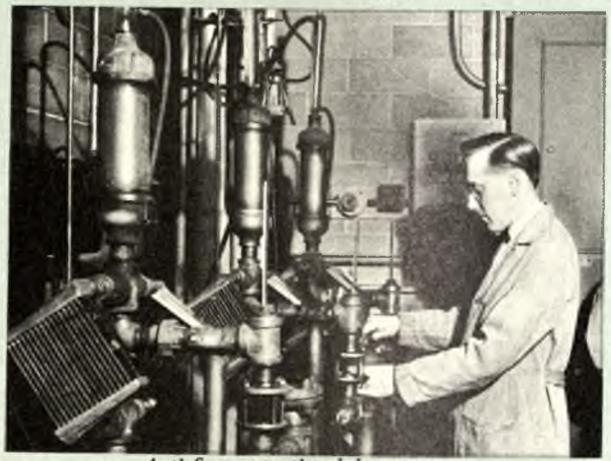
CSC's NOR'WAY baseball team won the 1948 Western Indiana League championship

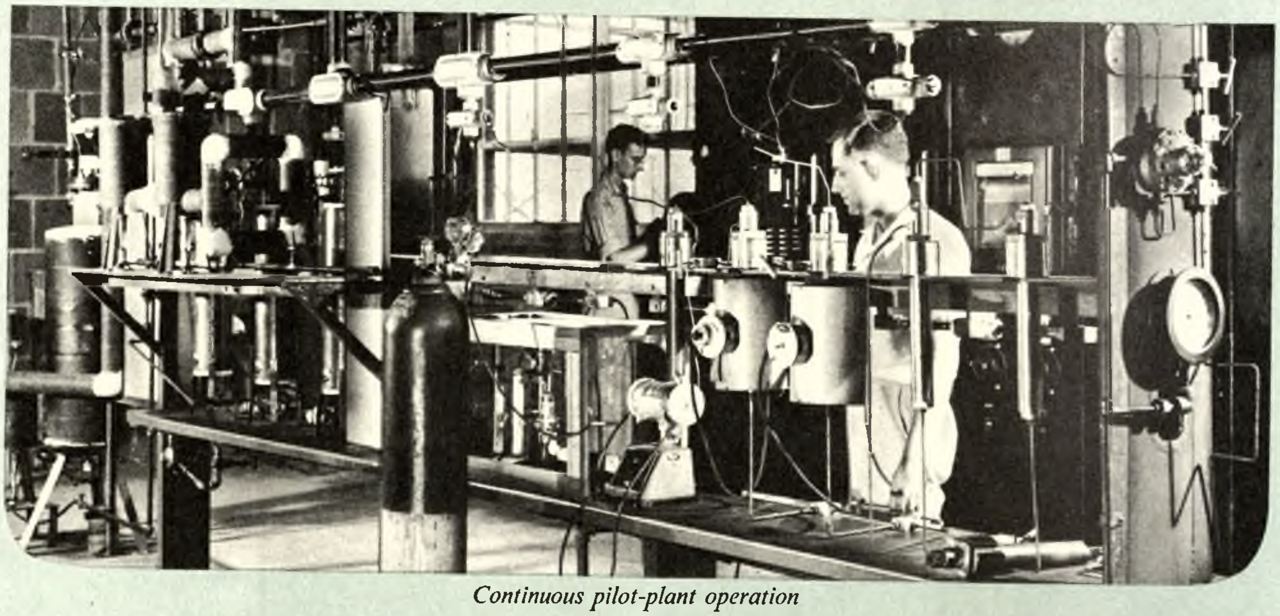
Southern fish fry at Dixie

Penicillin packaging line girls enjoy a holiday dinner

Main building of research group

One of CSC's research laboratories

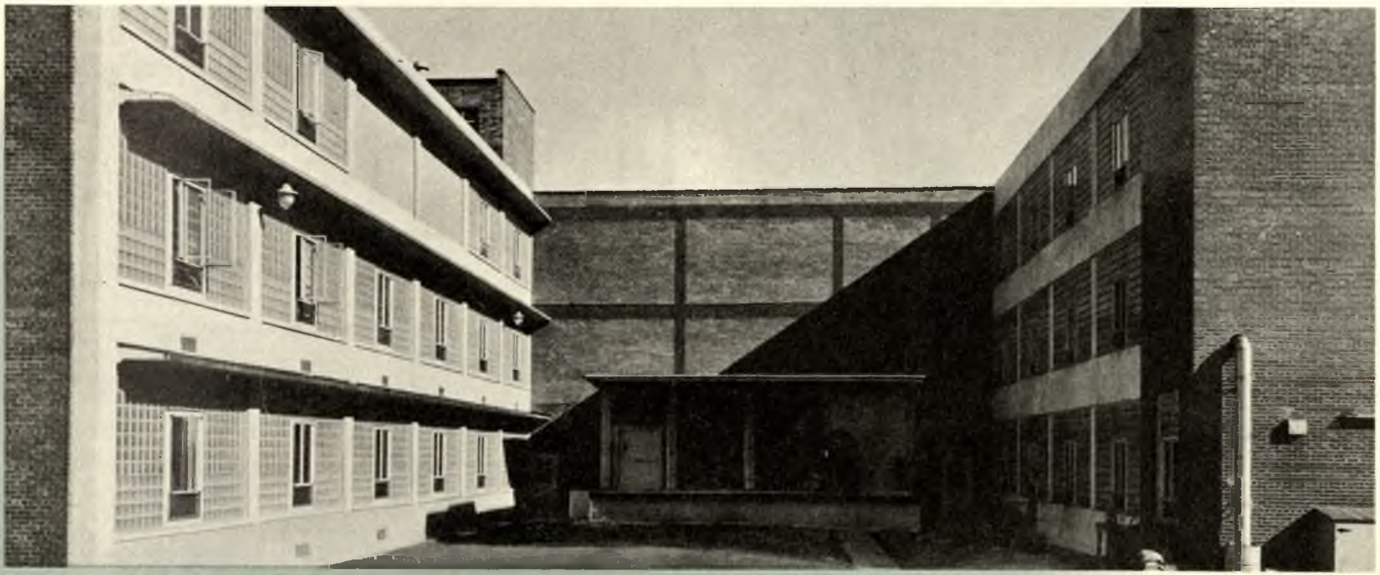

Anti-freeze testing laboratory


Continuous pilot-plant operation

Research

Construction of the additions to the Research Department's laboratory and pilot plant facilities, authorized in 1947, neared completion at the end of 1948. The added space and equipment, costing about $2,000,000, will not only permit the doubling of the department's personnel but will provide much-needed facilities for intensifying research to support the increasing interest of the Corporation in the manufacture of pharmaceuticals. Processes for the manufacture of several new chemicals were devised and the efficiency of the processes for producing several of our standard chemical products was improved. New dosage forms of penicillin were developed. A method of making a type of riboflavin more soluble than any heretofore available, was discovered.

Perhaps the potentially most important work of the Research Department in 1948 was the bringing to the commercial manufacturing stage of a process for producing Bacitracin, a new antibiotic discovered by Dr. Frank L. Meleney and his associates at Columbia University. Bacitracin is not only effective against most organisms susceptible to penicillin but it is also destructive to many that are resistant to penicillin. Another pharmaceutical resulting from the Research Department's studies and now being marketed is choline bicarbonate, a remedial agent for certain diseases of the liver and having implications of usefulness in the prevention and treatment of arteriosclerosis. The staff of research scientists has been augmented during the year and further additions to personnel will be made upon completion of the new laboratories.

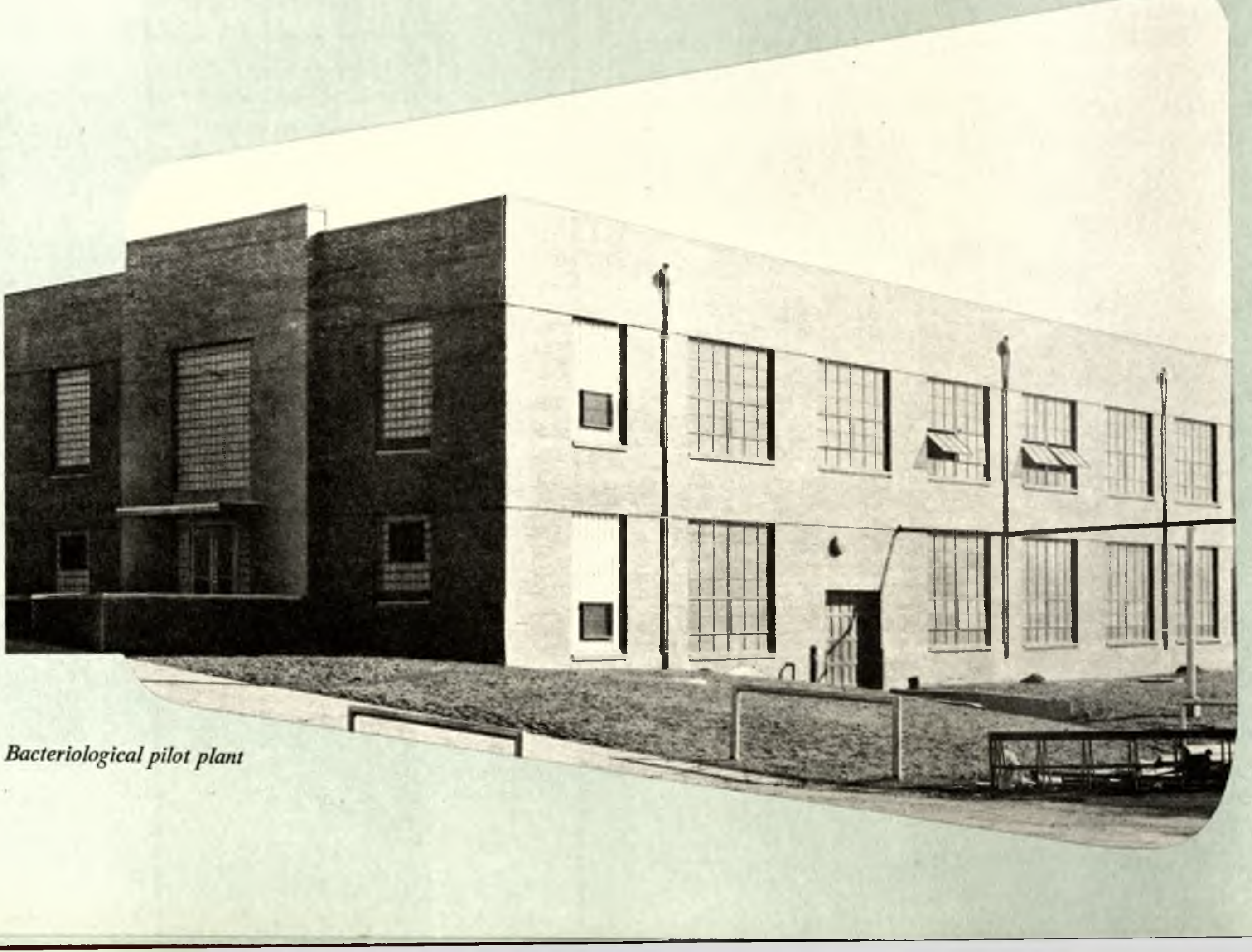


Research—rear of main building

Pharmacological laboratory

Medical

Closely cooperating with the Research Department and supplementing its work on pharmaceuticals with the all-important clinical testing, is the Medical Department of the Corporation. At the close of 1948 the Medical Department had clinical investigations, subsidized and voluntary, being carried on in 160 universities, hospitals, and research institutions. The Medical Department also works closely with the Sales Department in the schooling of pharmaceutical salesmen and in the preparation of clinical data for publication.



Bacteriological pilot plant

Specialties Division Sales Meeting, Terre Haute

Sales

The more important factors influencing sales in 1948 have been set forth in the President's Letter. As has been mentioned, for most of the year our solvents and industrial alcohol products were priced so high, due to high raw material costs, that sales were limited to those users who found themselves unable to buy cheaper competitive products because these latter were oversold. With the sharp reduction in raw material costs which occurred in October, it was possible to lower the prices of our fermentation-process chemicals and alcohol products so as to permit their return to their normal markets.

Sales of the nitroparaffins and their derivatives were limited only by production capacity. Likewise the quantity of methanol available was short of our customers' requirements but, other manufacturers having increased their production, methanol should be in ample supply in 1949.

Several new chemicals were brought upon the market in 1948, the more important being dibutyl maleate, diethyl maleate, benzyltrimethylammonium chloride, and Riboflavin, R.S., a more soluble form of the vitamin developed to meet a special need of the pharmaceutical industry.

NEW PRODUCTS MARKETED BY INDUSTRIAL CHEMICAL DIVISION IN 1948

BACITRACIN, A NEW ANTIBIOTIC, WAS INTRODUCED BY CSC PHARMACEUTICALS IN 1948

Syrup Choline Bicarbonate is an entirely new choline preparation

Inositol is an important factor in vitamin therapy

Procaine Penicillin in Oil was added to the line of penicillin products

Our sales of penicillin in 1948 were greater in quantity than in 1947 but due to the decline in price, dollar volume of sales fell below that of the preceding year.

Sales of Kwell Ointment increased greatly due to the favorable results obtained by the medical profession through its use in the treatment of scabies and pediculosis.

Bacitracin was not made available to the medical profession generally until December and, while its initial reception has been most encouraging, it is too early to draw any conclusions as to the extent of its ultimate market.

Two other new products in which physicians have shown special interest are choline bicarbonate for the treatment of certain liver disorders; and inositol, a member of the B-complex family of vitamins, which not only supplements the action of choline bicarbonate but is indicated to have quite specific remedial effects of its own.

* * *

Sales of the Agricultural Chemicals Division were maintained at a high level throughout 1948. The demand for ammonia, both for agricultural and industrial purposes, was so great as to be embarrassing in that although production was somewhat in excess of that anticipated, we were unable to supply the needs of many valued existing and potential customers.

The demand for our riboflavin vitamin feed supplements exceeded forecasts, and there was a sharp increase in the sale of choline chloride due to the excellent results obtained through its use in poultry feeds.

Technological developments in the feeding of livestock and poultry have demonstrated the economic advantages to be gained by the feeding of so-called "high energy" rations. These are formulated with higher concentrations of vitamins than

AGRICULTURAL CHEMICALS INTRODUCED IN 1948

have been heretofore used. Among these essential vitamins are riboflavin, niacin, and choline all of which are marketed by the Agricultural Chemicals Division.

Sales of the insecticide, benzene hexachloride, were quite satisfactory despite sharp competition from the numerous producers. Adverse publicity was given the material as the result of reports of off flavor and odor imparted to food products, both animal and vegetable, upon which benzene hexachloride was used. The producers of benzene hexachloride have joined in taking steps aggressively to combat this deterrent to the broad use of a most effective and economical insecticide.

* * *

The policy of making and marketing a limited amount of bulk whiskey and neutral spirits was maintained during 1948. Sales were less than in 1947, thus following the pattern of the industry. It should be noted that Commercial Solvents produces whiskey and spirits only on order and does not carry any stocks of these products. Space in the Corporation's whiskey warehouses is leased to other distillers and a satisfactory income is derived therefrom.

* * *

The Export Division continues to be restricted in its sales by the shortage of dollar exchange. However, our agents in foreign countries have been particularly active in promoting the sale of our pharmaceutical line and in consequence a good volume of business in these products was obtained.

* * *

Sales of anti-freeze by the Specialties Division were less than anticipated due not to any lessening in the demand for our products but to unforeseen delays in the availability of the expected quantities of the basic materials necessary for their manufacture.

We have two well-established brands of anti-freeze: NOR'WAY, an evaporative type based upon methanol; and PEAK, a permanent type based upon ethylene glycol. During the past season many of our interested stockholders, especially those in the eastern states, were unable to secure either NOR'WAY or PEAK from their dealers. This situation was brought about by the limited quantity available for sale and the decision to confine distribution principally to the midwestern area close to the point of production, thus increasing profit through a saving in freight.

The materials required for the production of NOR'WAY and PEAK should be available in more adequate quantities next season. Distribution will be broadened and it is hoped that our stockholders will inquire not only for NOR'WAY and PEAK but also for our meritorious line of automotive chemicals, a full list of which appears elsewhere in this Report. New specialty products ready to be placed upon the market in 1949 include: carburetor cleaner, car wash, degreaser, automatic windshield cleaner fluid, and penetrating oil.

* * *

In 1948 the markets for almost all our products changed, healthily we believe, from the control of the seller to that of the buyer. In anticipation of this change and to meet the challenge so created, the Sales Department has been strengthened by additions to personnel in all its selling and service divisions.

Display at Specialties Division Sales Meeting

Consolidated Financial Position AT DECEMBER 31, 1948

CURRENT ASSETS:		
Cash		$ 4,213,177
U. S. Government securities (other than tax savings notes), at cost, which approximates market		1,166,981
Accounts receivable (less reserve of $343,050 for doubtful accounts)		4,228,460
Inventories of raw materials, goods in process and finished products, at the lower of cost or market		7,442,402
Total Current Assets		$17,051,020
DEDUCT CURRENT LIABILITIES:		
Accounts payable	$ 1,170,182	
Accrued income and other Federal taxes (less U. S. Treasury Tax Savings Notes, at cost of $1,100,000)	2,310,146	
Other accrued taxes and expenses	411,523	
Total Current Liabilities		3,891,851
NET CURRENT ASSETS		$13,159,169
NON-CURRENT ACCOUNT RECEIVABLE (Note 1)		1,800,000
INVESTMENTS:		
Thermatomic Carbon Company (controlled company not consolidated), at cost, less reserve (Note 2)	$ 166,972	
Commercial Molasses Corporation and The Pacific Molasses Company, Limited, at cost	1,067,937	
Other investments, at cost or nominal value	2,106	1,237,015
PROPERTY:		
Land, buildings and equipment, at cost	$31,531,032	
Less reserves for depreciation, amortization and obsolescence	13,898,367	17,632,665
GOODWILL AND PATENTS		1
DEFERRED CHARGES (Prepaid insurance, supplies inventory, etc.)		2,160,867
TOTAL ASSETS LESS CURRENT LIABILITIES		$35,989,717
DEDUCT:		
Reserves for contingencies and miscellaneous	$ 643,926	
Deferred income (Note 1)	2,100,000	2,743,926
NET ASSETS		$33,245,791
SOURCE OF NET ASSETS:		
Common stock—no par value: Authorized—3,000,000 shares Issued —2,636,878 shares		$ 6,593,452
Capital surplus (no change during year)		4,325,514
Earnings employed in the business at end of year		22,326,825
		$33,245,791

CORPORATION

Consolidated Earnings and Summary of Earnings Employed in the Business FOR THE YEAR ENDED DECEMBER 31, 1948

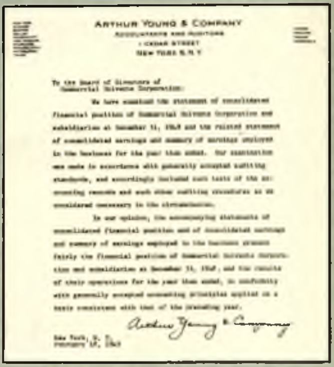
Sales—Net		$41,533,864
Other operating net income		30,642
		$41,564,506
Cost of sales and expenses		34,315,980
Earnings from operations (after depreciation provision of $1,182,780)		$ 7,248,526
Dividends and other income received from Thermatomic Carbon Company (Note 2)	$ 409,020	
Other dividends received	449,543	
Miscellaneous income (Note 1)	711,749	
	$ 1,570,312	
Less miscellaneous deductions	276,601	1,293,711
Earnings before Federal income taxes		$ 8,542,237
Provision for Federal income taxes		2,999,000
Net earnings for year ($2.10 per share)		$ 5,543,237
Deduct dividends of $1.50 per share paid during year		3,955,438
Year's earnings employed in the business		$ 1,587,799
Add earnings of prior years employed in the business		20,739,026
Earnings employed in the business at end of year		$22,326,825

NOTE 1—The Corporation, in consideration of releasing a party to a contract (extending to 1957) from the party's obligations and duties thereunder, received $500,000 in 1948 (included in miscellaneous income) and will receive additional payments of $300,000 each year from 1949 through 1954 and $150,000 in 1955 and 1956. The unpaid balance has been credited to deferred income at December 31, 1948 and will be taken into earnings as received.

NOTE 2—The Corporation's equity in the net assets of Thermatomic Carbon Company exceeds the net value at which the investment is carried by $688,114. The excess of the Corporation's equity in 1948 earnings of said company over dividends received during the year amounted to $110,020.

NOTE 3—Suits are pending against the Corporation but since it is impossible to forecast the ultimate liability, if any, that may arise under such suits, no provision therefor has been made in the accounts.

NOTE 4—The Corporation has filed claims under Section 721 of the Internal Revenue Code for refund of a portion of the excess profits taxes paid for the years 1940 through 1943. The Bureau of Internal Revenue has not yet passed on such claims and the financial statements give no effect thereto.



ARTHUR YOUNG & COMPANY

To the Board of Directors of
Commercial Solvents
Corporation:

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1948 and the related statement of consolidated earnings and summary of earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings employed in the business present fairly the financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1948, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY
New York, N. Y.
February 18, 1949

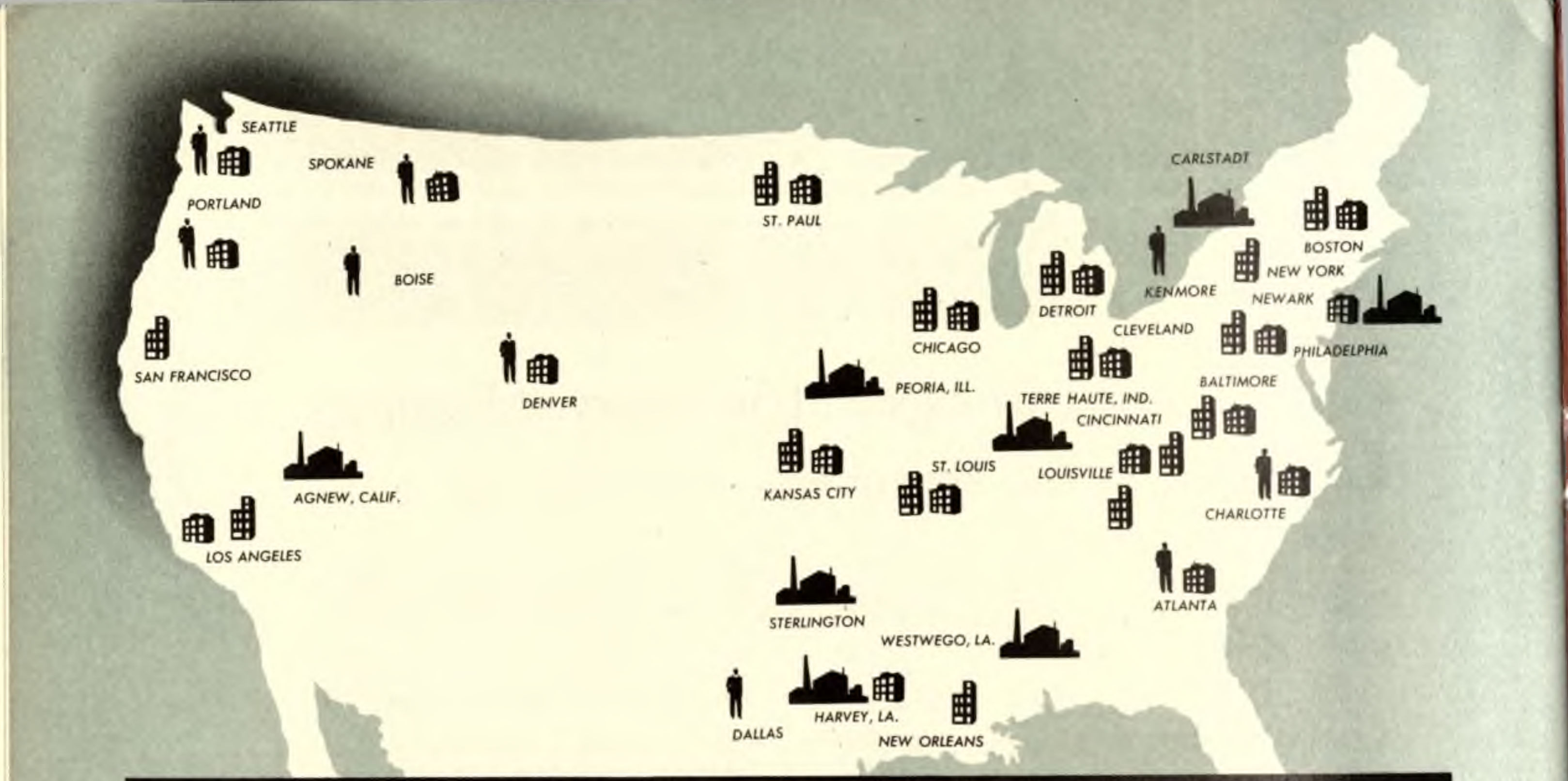
Consolidated Financial Position AT DECEMBER 31 EACH YEAR

	1948	1947	1946	1945	1944
Cash	$ 4,213,177	$ 7,346,049	$ 4,532,063	$ 6,831,065	$ 7,422,644
U. S. Government securities	1,166,981	1,169,100	1,682,371	4,650,000	3,650,000
Accounts receivable less reserve	4,228,460	5,488,391	6,485,489	5,211,717	4,561,246
Inventories	7,442,402	6,465,416	6,238,496	4,474,428	4,012,840
Current assets	$17,051,020	$20,468,956	$18,938,419	$21,167,210	$19,646,730
Deduct current liabilities	3,891,851	5,264,635	4,229,574	2,266,684	4,156,283
Net current assets	$13,159,169	$15,204,321	$14,708,845	$18,900,526	$15,490,447
Non-current account receivable	1,800,000	—	—	—	—
Investments and other assets	1,237,016	1,237,016	1,171,555	1,171,555	3,119,622
Land, buildings and equipment	31,531,032	26,709,483	22,378,221	15,349,798	15,054,485
Less reserves for depreciation, amortization and obsolescence	13,898,367	12,861,231	12,233,052	11,901,174	9,927,052
	$17,632,665	$13,848,252	$10,145,169	$ 3,448,624	$ 5,127,433
Deferred charges	$ 2,160,867	$ 2,000,086	$ 1,318,263	$ 882,320	$ 744,304
Total assets less current liabilities	$35,989,717	$32,289,675	$27,343,832	$24,403,025	$24,481,806
Deduct:					
Reserves for contingencies and miscellaneous	643,926	631,683	642,756	784,850	666,731
Deferred income	2,100,000	—	—	—	—
Net assets	$33,245,791	$31,657,992	$26,701,076	$23,618,175	$23,815,075
Source of net assets:					
Common stock	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452
Capital surplus	4,325,514	4,325,514	4,325,514	4,325,514	4,325,514
Earnings employed in the business at end of year	22,326,825	20,739,026	15,782,110	12,699,209	12,896,109
	$33,245,791	$31,657,992	$26,701,076	$23,618,175	$23,815,075

CORPORATION

Consolidated Earnings and Summary of Earnings Employed in the Business FOR THE CALENDAR YEARS

	1948	1947	1946	1945	1944
Sales—net	$41,533,864	$54,915,983	$41,874,998	$40,284,861	$44,437,271
Other operating net income	30,642	65,299	*17,178*	81,054	239,978
	$41,564,506	$54,981,282	$41,857,820	$40,365,915	$44,677,249
Cost of sales and expenses	34,315,980	41,557,552	33,436,322	33,735,210	36,409,499
Earnings from operations	$ 7,248,526	$13,423,730	$ 8,421,498	$ 6,630,705	$ 8,267,750
Dividends and other income—net	1,293,711	879,300	610,981	283,380	363,781
Earnings before Federal income taxes, etc.	$ 8,542,237	$14,303,030	$ 9,032,479	$ 6,914,085	$ 8,631,531
Provision for Federal income taxes	2,999,000	5,234,600	3,312,700	4,780,667	5,860,400
	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,133,418	$ 2,771,131
Provision for contingencies	—	—	—	100,000	250,000
Net earnings	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,033,418	$ 2,521,131
Deduct dividends paid	3,955,438	3,955,378	2,636,878	1,977,659	1,977,659
Year's earnings employed in the business	$ 1,587,799	$ 5,113,052	$ 3,082,901	$ 55,759	$ 543,472
Add earnings of prior years employed in the business	20,739,026	15,782,110	12,699,209	12,896,109	12,352,637
Deduct charges to earnings employed (net)	—	156,136	—	252,659	—
Earnings employed in the business at end of year	$22,326,825	$20,739,026	$15,782,110	$12,699,209	$12,896,109
Net earnings per share	$ 2.10	$ 3.44	$ 2.17	$ .77	$ .96
Dividends paid per share	$ 1.50	$ 1.50	$ 1.00	$ .75	$ .75



COMMERCIAL SOLVENTS CORPORATION

	BRANCH OFFICE	AGENT	WAREHOUSE	PLANT
AGNEW, CALIF.				●
ATLANTA, GA.		●	●	
BALTIMORE, MD.	●		●	
BOISE, IDAHO		●		
BOSTON, MASS.	●		●	
CARLSTADT, N. J.				●
CHARLOTTE, N. C.		●	●	
CHICAGO, ILL.	●		●	
CINCINNATI, OHIO	●		●	
CLEVELAND, OHIO	●		●	
DALLAS, TEXAS		●		
DENVER, COLO.		●	●	
DETROIT, MICH.	●		●	
HARVEY, LA.			●	●
KANSAS CITY, MO.	●		●	
KENMORE, N. Y.		●		
LOS ANGELES, CALIF.	●		●	
LOUISVILLE, KY.	●			
NEWARK, N. J.			●	●
NEW ORLEANS, LA.	●			
NEW YORK, N. Y.	●			
PEORIA, ILL.				●
PHILADELPHIA, PENNA.	●		●	
PORTLAND, ORE.		●	●	
ST. LOUIS, MO.	●		●	
ST. PAUL, MINN.	●		●	
SAN FRANCISCO, CALIF.	●			
SEATTLE, WASH.		●	●	
SPOKANE, WASH.		●	●	
STERLINGTON, LA.				●
TERRE HAUTE, IND.				●
WESTWEGO, LA.				●

THE PROCESSES AND PRODUCTS OF COMMERCIAL SOLVENTS CORPORATION

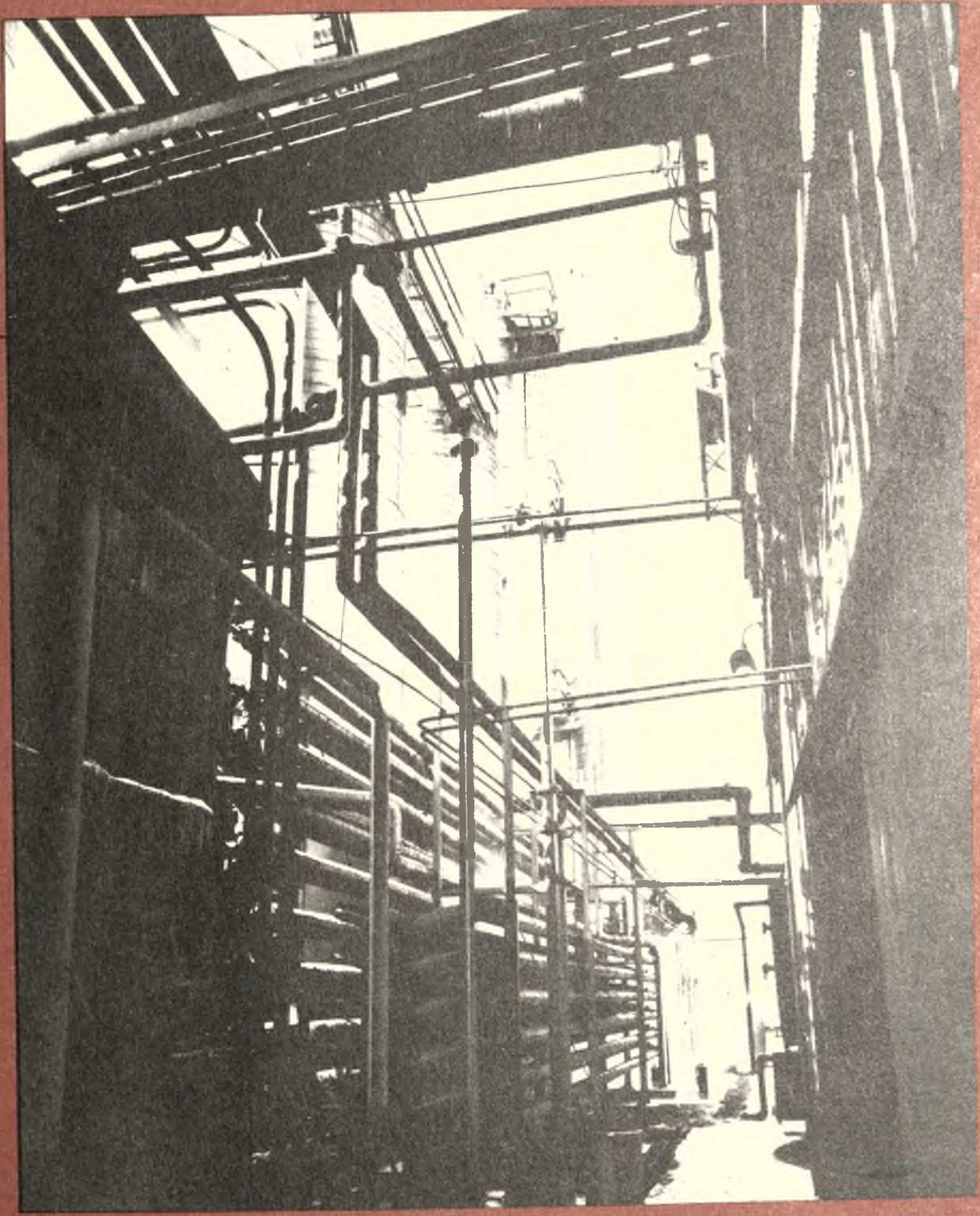
BIOLOGICAL PROCESSES

- MOLD
  - PENICILLIN
  - RIBOFLAVIN
- BACTERIA
  - BACITRACIN
  - ACETONE
  - BUTANOL

	PENICILLIN	RIBOFLAVIN	BACITRACIN	ACETONE	BUTANOL
Products of INDUSTRIAL CHEMICAL Division	**Penicillin G** *(For manufacturing use only)*	**Crystalline Riboflavin—R.S.** **Riboflavin U.S.P.** *(For manufacturing use only)*	**Bacitracin** *(For manufacturing use only)*	**Acetone** **Diacetone**	**Butanol Derivatives** Butyl Acetate Butyl Lactate Butyl Stearate Dibutyl Maleate Dibutyl Phosphate Dibutyl Phthalate Dibutyl Sebacate Tributyl Phosphate Other Butyl Esters
Products of PHARMACEUTICAL Division	**Penicillin G** *(Sodium and Potassium Salts)* Procaine in Oil Tablets Buffered Tablets, Soluble Troches Vials for parenteral injection **NEW PRODUCTS 1949** **Inhaler** **Procaine Aqueous**		**Bacitracin** Ophthalmic Ointment Topical Ointment Vials for topical use **NEW PRODUCTS 1949** **Nasal** **Tablets** **Troches**		
Products of SPECIALTIES Division					
Products of AGRICULTURAL Division	**Veterinary Penicillin G** *(Potassium Salt)* Procaine in Oil **NEW PRODUCTS 1949** **Procaine Aqueous**	**Riboflavin Feed Supplements** B·Y-21® B·Y-250® B·Y-500® **NEW PRODUCTS 1949** B·Y-16	**NEW PRODUCTS 1949** **Veterinary Bacitracin** Ointment Vials for topical use		
Products of BEVERAGE Division					

SYNTHETIC PROCESSES

YEAST	CHLORINATION	HIGH PRESSURE	HIGH PRESSURE	VAPOR-PHASE NITRATION	
ETHYL ALCOHOL	BENZENE HEXACHLORIDE	AMMONIA	METHANOL	NITROPARAFFINS	OTHER PRODUCTS FORMULATED AND/OR MARKETED
Ethyl Alcohol **All S.D. and C.D. Formulas** **Quakersol®** **Rossville Cologne Spirits®** **Shellacol®** **Ethyl Alcohol Derivatives** Acetic Acid Ethyl Acetate Ethyl Formate Diethyl Maleate Diethyl Phthalate Other Ethyl Esters **Refined Fusel Oil** **Amyl Alcohols** Amyl Esters		**Anhydrous Ammonia** Refrigeration Grade **Derivatives** Benzyltrimethyl-ammonium chloride Diisopropylamine Dimethylamine Isopropylamine Monomethylamine Trimethylamine **Choline Bicarbonate** Technical Grade *(For manufacturing use only)*	**Methanol Derivatives** Formaldehyde	**Nitroethane** **Nitromethane** **1-Nitropropane** **2-Nitropropane** **Nitroparaffin Derivatives** Alkaterge 2-Amino-2-methyl-1, 3-propanediol 2-Amino-2-methyl-1-propanol 2-Nitro-2-methyl-1, 3-propanediol 2-Nitro-2-methyl-1-propanol Tris (hydroxymethyl) aminomethane Tris (hydroxymethyl) nitromethane Hydroxylammonium Acid Sulfate Hydroxylammonium Chloride Hydroxylammonium Sulfate	**Amyl Acetate Flavoring** **Dry Ice** **Isoamyl Alcohol** **Nitrocellulose Solutions**
Ethyl Chloride **Rossville® Alcohol**	**Kwell® Ointment**	**Choline Bicarbonate**		**Betaphenyl Isopropylamine** **Desoxyephedrine**	**Inositol** **Isotonic Sodium Chloride Solution** **Sterile Distilled Water** **NEW PRODUCTS 1949** **Fungicide MNP** **Metabarin**
Anti-freeze **Ajax®** **CSC Plus®** **Frost Chek®** **Quixol®**			**Nor'Way® Anti-freeze**		**Nor'Way Dry-Ex®** **Nor'Way® Radiator Products** Anti-Rust Cleaner Quick Flush Stop Leak **PEAK® Anti-Freeze** **NEW PRODUCTS 1949** **Nor'Way Products** Carburetor Cleaner Car Wash Degreaser Penetrating Oil Automatic Windshield Cleaner Fluid
Concentrated Distillers' Molasses Solubles **Distillers' Dried Grains** **Ethyl Formate** **Metaldehyde**	**Benzene Hexachloride** Technical Grade **NEW PRODUCTS 1949** **Concentrated Solution**	**Anhydrous Ammonia** Commercial Grade **Choline Chloride**			**Niacin**
Neutral Spirits **Whiskeys** Bourbon Corn Rye					**Rack House Barrel Storage (Service)**



BACITRACIN PRODUCTION UNIT, TERRE HAUTE PLANT

LITHO IN U.S.A.

Annual Report

1949

COMMERCIAL SOLVENTS CORPORATION

CSC

17 EAST 42nd STREET, NEW YORK 17, NEW YORK

COMMERCIAL SOLVENTS CORPORATION

GENERAL OFFICES: 17 EAST 42nd STREET, NEW YORK 17, NEW YORK

30th ANNUAL REPORT

TO THE SHAREHOLDERS FOR YEAR ENDING

DECEMBER 31, 1949

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CSC Research Brochure accompanies the Annual Report

DIRECTORS

WILLIS H. BOOTH, Member of Executive and Finance Committee, International Business Machines Corp.
HENRY W. DENNY, Vice President
CLEMENT R. FORD, Farmer
DAVID M. GOODRICH, Chairman of the Board, The B. F. Goodrich Co.
WILLIAM E. S. GRISWOLD, SR., Member of Board of Directors and Executive Committee, W. & J. Sloane
HAROLD H. HELM, President, Chemical Bank and Trust Co.
AUSTIN S. IGLEHEART, President, General Foods Corporation
GEORGE M. MOFFETT, Chairman of the Board, Corn Products Refining Co.
PHILIP G. MUMFORD, Chairman of the Board, American Machine and Metals Inc.
HENRY E. PERRY, President
THEODORE P. WALKER, Chairman of the Board

OFFICERS

THEODORE P. WALKER, Chairman, Board of Directors
HENRY E. PERRY, President
THOMAS S. CARSWELL, Vice President
HENRY W. DENNY, Vice President
ABBOTT K. HAMILTON, Vice President
MAYNARD C. WHEELER, Vice President
HOWARD L. SANDERS, Treasurer
ALEXANDER R. BERGEN, Secretary
ANTHONY H. BRAUN, Controller

TRANSFER AGENT

Guaranty Trust Company of New York
140 Broadway, New York 15

REGISTRAR

The Chase National Bank of the City of New York
11 Broad Street, New York 15

FIVE YEAR STATISTICAL REVIEW

	1949	1948	1947	1946	1945
INCOME					
Sales—net	**$33,347,682**	$41,533,864	$54,915,983	$41,874,998	$40,284,861
Dividends and other income	**1,478,123**	1,600,954	1,180,689	852,330	598,728
Total income	**$34,825,805**	$43,134,818	$56,096,672	$42,727,328	$40,883,589
COSTS AND EXPENSES					
Wages and salaries, pensions, group insurance, and social security taxes	**$ 8,321,455**	$ 7,936,056	$ 7,817,347	$ 6,024,459	$ 5,444,202
Raw materials, supplies and other expenses	**19,961,584**	25,088,390	32,755,724	27,082,872	27,087,981 (1)
Depreciation on buildings and equipment	**1,250,413**	1,182,780	868,951	398,852	1,289,554 (2)
Taxes—Federal, State and Local	**1,927,703**	3,384,355	5,586,220	3,501,366	5,028,434
Total costs and expenses	**$31,461,155**	$37,591,581	$47,028,242	$37,007,549	$38,850,171
NET EARNINGS	**$ 3,364,650**	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,033,418
DIVIDENDS PAID TO STOCKHOLDERS	**3,955,436**	3,955,438	3,955,378	2,636,878	1,977,659
YEAR'S EARNINGS EMPLOYED IN THE BUSINESS	*$ 590,786* (3)	$ 1,587,799	$ 5,113,052	$ 3,082,901	$ 55,759
EXPENDITURES for land, buildings and equipment	**$ 1,506,064**	$ 4,992,732	$ 4,621,152	$ 7,109,446	$ 400,638
NET EARNINGS per share	**$ 1.28**	$ 2.10	$ 3.44	$ 2.17	$ .77
DIVIDENDS paid per share	**$ 1.50**	$ 1.50	$ 1.50	$ 1.00	$ .75

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(1) Includes provision for contingencies—$100,000.

(2) Includes amortization of emergency facilities—$958,881.

(3) Represents excess of dividends paid over net earnings for year.

THE PRESIDENT'S LETTER

FINANCIAL

Commercial Solvents Corporation sold a greater quantity of goods in 1949 than in 1948. Because of a substantial decline in the prices of a number of our products, dollar volume of sales was less with a consequent reduction in earnings.

The major part of our authorized expansion program has been carried out. The completion and equipping of our new research laboratories in 1949 and the augmenting of our technical staffs accords with the policy of Commercial Solvents that the only warranty of stability and of the future of a chemical company is a well-directed research department.

Dividends aggregating $1.50 per share were paid to stockholders during 1949, the amount being the same as for the previous year.

On the opposite page there is presented a statistical comparison of the results of operations in 1949 with those of the four preceding years. The amount of our net current assets continues to be satisfactory as shown in the statement of financial position.

SALES

The products of the Corporation are divided into five major sales groups: Agricultural Chemicals, Industrial Chemicals, Pharmaceuticals, Potable Spirits, and Specialties (Automotive Chemicals).

AGRICULTURAL CHEMICALS Commercial Solvents' interests have always been closely related to agriculture . . . first through the use of farm products such as corn and molasses as raw materials . . . later through the sale of such fermentation derivatives as riboflavin and feed supplements for use in poultry and animal feeds.

This interest in agriculture was further expanded by our entry into the insecticide field three years ago with the manufacture of benzene hexachloride, and into the fertilizer field which is the principal outlet for anhydrous ammonia.

One of the prime characteristics of the products we manufacture is that they contribute materially to efficiency and economy of farm operation. Technological developments during the past few years have just begun to be reflected in the ever-increasing demand for these materials which are today so important to agriculture.

Sales of products through this division for 1949 were the largest in dollar volume for any year.

Feed Supplements The quality of animal and poultry feeds can be readily measured in terms of the gain in weight and quality of the meat. Our riboflavin products such as *B·Y-500* and *B·Y-21* are becoming increasingly popular as ingredients necessary to the formulation of feeds high in efficiency.

Demand for *B·Y-500* during the spring season of 1949 was heavier than ever before, and completion of the new plant at Peoria last September will place us in an even better position to care for the 1950 requirements of the feed industry.

B·Y-21, a far more concentrated form of feed supplement introduced in 1944, enjoyed a sales volume 70% greater than that of the previous year. With the two factors of increasing transportation costs on the more bulky materials, and the installation of automatic and continuous mixing equipment in the plants of feed manufacturers, *B·Y-21* should show further gains during 1950.

Choline chloride, a member of the family of B vitamins nutritionally important in feeds, is of particular interest since we are the only producer engaged in the manufacture of the principal basic raw materials used in its synthesis. Sales of the liquid form increased in 1949 to over twice the volume sold in 1948, although much of the research demonstrating the need for this vitamin is still unpublished. A new dry form of choline supplement was introduced in the spring of 1949 with the result that markets have been further broadened.

New products not yet ready for marketing have been developed and are now being thoroughly checked by field tests. One of these promises to be important as an ingredient of dairy and cattle feeds. Another is an effective source of the important animal protein factor of which vitamin B_{12} is one of the ingredients.

Insecticides Although *benzene hexachloride* was available for commercial use, it was still being widely field tested during 1948. The outcome of these tests proved it to be a potent and valuable insecticide. This accounted for the substantial increase in our sales of *BHC* during 1949, with a subsequent reduction in price. The severe infestation of the cotton crop by the boll weevil last year so effectively demonstrated its efficiency as an ingredient of cotton insecticides, that an expansion of production facilities has become necessary to take care of the 1950 demand.

We are now engaged in the construction of a unit to manufacture *Lindane*, the name given by governmental authorities to the powerful insecticide made by isolating the pure pest-destroying fraction from the technical grade of benzene hexachloride. Aside from its greater insecticidal power, *Lindane* offers other advantages as a fumigant and a pesticide which should open up new markets.

During 1949, extensive field tests demonstrated the effectiveness of a new insecticide, *Dilan*, developed from our nitroparaffins. For the first time, pests normally controlled only by rotenone, an extract from an imported vegetable source, can be eliminated from a wide variety of crops.

Fertilizers The year 1949 witnessed a return to pre-war buying practices of the fertilizer industry. During the past few years, fear of shortages practically eliminated the marked seasonal fluctuations in purchasing and production. But in July, 1949, after the highest volume of manufacture and sales ever recorded, movement of all types of fertilizer almost ceased except for a limited export demand. With plants geared for peak production, this resulted in rapid accumulation of inventories and an accompanying decline in the demand for raw materials, including ammonia.

Arrangements are being made to accommodate sales to the peak-and-valley trend by providing off-season storage of our *anhydrous ammonia*.

INDUSTRIAL CHEMICALS Products marketed through the Industrial Chemical Division include the following major items:

Methanol Beginning with 1949 we had our first full year of production from the new $4,600,000 methanol plant at Sterlington, Louisiana. Production from this unit accounted for the largest sales of *methanol* during any year in the history of the Corporation. An increase was also shown for methanol derivatives. There was a slight reduction in the price of methanol during the year.

Ethyl Alcohol Due to an abnormal situation within the industry, industrial alcohol prices were at unprofitable levels during the first half of 1949. As it was unwise to produce and sell large quantities at prices then prevailing, sales for 1949 (both in quantity and dollar value) were less than for the preceding year. At mid-year the market advanced to a profitable level which held fairly steady for the balance of the year. Sales of ethyl alcohol derivatives increased substantially over those for the previous year.

Butanol Sales of *Butanol* for the first half of the year were considerably lower than for the corresponding period of 1948 due to a reduction in demand by the resin and lacquer industries which are its primary users. Production of *Butanol* was also adversely affected by the unfavorable raw material cost of corn which has remained at a high price because the government has not seen fit to release this product for industrial use at lower-than-support prices (loan value). With the price of corn artificially supported, the process of fermenting grain to make *Butanol* (as well as *acetone*) becomes a marginal operation. However, intensive research is now being devoted to improving the process and promises appreciably lowered costs.

Over-all sales of butyl derivatives were slightly higher than for the previous year.

Nitroparaffins The *nitroparaffins* and their derivatives, which are being produced in the pilot plant at Peoria, continue to have many uses in industry.

Riboflavin R.S. This more soluble form of riboflavin, introduced the latter part of 1948, accounted for increased sales during the year. This form of riboflavin was approved as a United States Pharmacopoeia product in 1949. Sales of regular U.S.P. type of riboflavin also increased.

New Products *Pentaerythritol*, a new chemical for CSC which will become available the early part of 1950, is being produced at the plant at Agnew, California.

New industrial chemical products which are in pilot plant production by the Research Department include plasticizers, emulsifiers, and amines.

PHARMACEUTICALS The division which markets these products is CSC Pharmaceuticals. Several new drugs were introduced to the medical profession during 1949 and significant improvements were made in some existing products:

Bacitracin This new antibiotic, pioneered by Commercial Solvents, is constantly finding wider clinical use as is evidenced by the several new bacitracin products formulated and introduced last year. *Bacitracin Nasal*, a solution intended for instillation into the nose, is an effective preparation for the treatment of coryza as well as acute and chronic sinusitis. *Bacitracin Troches* are valuable in mouth and throat infections. *Bacitracin Oral Tablets* represent an entirely new approach to the treatment of amebiasis and amebic dysentery.

Penicillin New penicillin products include *Bi-Pen*, a mixture of procaine penicillin and potassium penicillin. Another new product, tentatively named *Com-Pen*, is a different type of procaine penicillin preparation which is currently popular with physicians. *Com-Pen* was developed late in 1949 and will be announced shortly. To distinguish our penicillin soluble tablets, they are now being marketed under the trade name *Soltabs*.

During 1949, the quantity of penicillin sold was 26% greater than for 1948. However, due to competitive conditions in this field as production increased, the dollar volume was considerably under that for the previous year.

Lipotropic Agents Two new products are included in this group: *Solution Choline Gluconate* and a new dosage form of *Inositol*, the capsulette. Clinical research by many investigators has proved the value of these substances in the treatment of hardening of the arteries, coronary thrombosis, liver diseases, and other conditions associated with abnormal fat metabolism.

The Medical Department is cooperating with the Research Department in the development of a new mixture of lipotropic agents which should prove even more effective than present products.

Glucuronolactone Marketed by CSC Pharmaceuticals under the trade name *Glucurone*, this detoxifying substance is producing gratifying results in the treatment of arthritis and related bone and joint diseases. During the past two years, the Medical Department has been supervising extensive clinical investigations. Although *Glucurone* is available only in limited quantities, the product will be marketed on a general prescription basis if the results continue to be favorable. The commercial manufacture of glucuronolactone represents an outstanding contribution to the field of chemical synthesis; the product is being made by Corn Products Refining Company for CSC Pharmaceuticals.

Gluco-Mycin This new product which combines glucuronolactone and streptomycin is valuable in pre-operative sterilization of the lower intestinal tract and in the treatment of many intestinal infections, including bacillary dysentery, ulcerative colitis and typhoid fever.

Kwell Ointment Several articles appeared in medical journals during 1949, further establishing the dependability of *Kwell Ointment* in the treatment of scabies. Sales of this product continue to increase.

MEDICAL DEPARTMENT The activities of the Medical Department are closely linked to those of CSC Pharmaceuticals. The principal function of this department is to develop, in conjunction with the Research Department, new pharmaceutical products for the treatment of major diseases.

In general, the program followed has been aimed at infectious and degenerative diseases. In the infectious disease group this has been accomplished through the research, testing and production of antibiotics. In the degenerative disease group the objective has been the development of preparations to treat, first, arteriosclerosis and, second, arthritis and numerous related bone, joint, and nerve afflictions.

Each new form of medication requires prolonged developmental research before it is ready to be turned over for production and marketing. Extensive investigations, first in animals and then in man, are a necessary part of this program. Here particularly, the Medical Department serves to carry out clinical investigations in many of the outstanding universities, hospitals, and clinics throughout the country with the cooperation of leading physicians and surgeons. This is accomplished in various ways, sometimes merely by supplying the drug for investigational use and at other times through fellowships and grants-in-aid to various hospitals and universities to provide necessary equipment and technical assistance in carrying out the experimental studies. During 1949 approximately 60 such studies were conducted at 31 hospitals and university clinics. In addition, many practicing doctors throughout the country have more than willingly cooperated in putting these drugs into actual use.

Much of the research sponsored by the Medical Department has resulted in significant contributions to medical knowledge and in the publication of scientific papers in important medical journals.

The development of new dosage forms of penicillin has been one of the outstanding results of this program. Other accomplishments were the prophylaxis of gonorrhea by the oral administration of penicillin, the prevention of rheumatic fever recurrence in children by orally administered penicillin, the treatment of arteriosclerosis through the use of inositol and choline, and the systemic use of bacitracin in the successful treatment of infections which otherwise would have proved fatal.

In the antibiotic field, a combination of penicillin and bacitracin has been found to be more effective in many serious infections than either drug alone. Work in progress, we anticipate, will lead to the marketing of a preparation of this type in the near future. Similarly, Neomycin—a new antibiotic first prepared in the laboratory by

Dr. Selman A. Waksman, the discoverer of streptomycin — has now reached such a point in its development that extensive clinical studies are under way. Results to date hold promise for this drug in the treatment of tuberculosis and many other infections.

Likewise, we are concentrating on the problems of high blood pressure. Clinical studies with a new drug have reached a stage such that its marketing during the course of this year seems assured.

POTABLE SPIRITS Just as in previous years, a limited amount of bulk whiskey and neutral spirits was produced in 1949. Volume of sales was somewhat larger than that achieved in 1948, but prices followed the general downward trend and profits were lower. We continued the policy established in previous years of producing whiskey and spirits only on order and only in bulk.

In addition to fermentation and distillation facilities for making potable spirits, we have large capacity for storing whiskey in specially-designed warehouses. Space in these warehouses is leased to other distillers at a satisfactory rental fee.

SPECIALTIES The Specialties Division is the unit of the Sales Department which markets consumer products, primarily in the automotive field.

Anti-Freeze The shortage of raw materials for processing into anti-freeze which curtailed sales in 1948 was relieved during the past year. The combined sales of PEAK, our permanent-type glycol anti-freeze, and NOR'WAY, a methanol anti-freeze, showed an increase over 1948 both in quantity and in dollar volume.

New Products Three new products were added to the NOR'WAY line of automotive chemical specialties during 1949: *Car Wash*, *Penetrating Oil*, and *Windshield Washer Fluid.*

The Research Department, working in conjunction with the Technical Service Division, now has five additional products undergoing field tests. At least two of these should be added to the NOR'WAY line and made available for marketing during the first half of 1950.

MANUFACTURING

We are pleased to be able to report there were no work stoppages at any of our plants during 1949 and production operations were coordinated with the needs of the Sales Department, keeping inventories at conservative levels.

During the latter part of the year shipment of methanol by river barge was begun from the Sterlington, Louisiana, plant down the Ouachita and Mississippi Rivers to New Orleans. Increasingly high railroad freight rates have made it advisable to use the less expensive water transportation whenever possible. Arrangements are being made to ship methanol by barge and tankship from its point of manufacture at Sterlington to East Coast and Midwest markets.

The enlarged plant for the manufacture of vitamin feed supplements at Peoria was completed somewhat later than expected but came into full operation in September. The over-all cost of the increased feed supplement capacity was $2,000,000.

If corn prices continue to be artificially supported by the Government at inordinately high levels, the basis of our operations at Peoria will have to be altered. Plans for the substitution of different raw materials and the manufacture of new products are under way.

The Board of Directors has authorized an expenditure of $670,000 for a plant to provide for extension of the Corporation's activities in the field of antibiotics. Also approved was an outlay of $454,000 for the construction of a manufacturing unit to make Lindane. It is expected that both plants will be completed during 1950.

RESEARCH

The Corporation is investing heavily in scientific research. Additions to buildings and equipment completed in 1949 cost $1,600,000 and the cost of operating the Research Department was about 5% of revenue from sales. Investment in research is most important as shown by the fact that in 1949 sales of products developed within the past six years constituted about 40% of the total revenues from sales.

A brochure describing and illustrating the operations of the Research Department accompanies this Annual Report.

AFFILIATED COMPANIES

THERMATOMIC CARBON COMPANY Dividends of $364,020 received from Thermatomic Carbon Company were the same in amount as those received in 1948. Earnings of $633,698 in 1949 were $91,975 less than those of the preceding year.

Shipments of the special types of carbon black produced by Thermatomic Carbon Company were 9% lower than those for 1948 thus reflecting the decline in the domestic manufacture of automobile tires and tubes. Export shipments were slightly higher than in 1948 and accounted for 19% of total shipments.

COMMERCIAL MOLASSES CORPORATION

Last year's report stated that the decreased needs for working capital permitted Commercial Molasses Corporation to pay larger dividends out of accumulated earnings which resulted in our receiving dividends of $375,000 from that company during 1948. In March 1949, a dividend of $262,500 paid out of accumulated earnings was received.

In June 1949, Commercial Solvents Corporation which held a 50% interest in Commercial Molasses Corporation sold to that company, for retirement, all the shares which it owned. The sale resulted in a gross profit of $141,696. As a result, The Pacific Molasses Company, Limited, owner of the other 50% interest, became the sole stockholder. Commercial Solvents Corporation continues to own 17% of the outstanding stock of The Pacific Molasses Company, Limited.

The Pacific Molasses Company, Limited, is engaged in the purchase and sale of imported and domestic molasses which it distributes nationally, principally to the feed trade. In each of the years 1948 and 1949, the Corporation received dividends of $74,542 from The Pacific Molasses Co., Ltd.

PERSONNEL

Mr. J. Albert Woods, President of the Wilson & Toomer Fertilizer Company of Jacksonville, Florida, was elected a member of the Board of Directors, effective January 1, 1950. He succeeds Mr. Henry W. Denny, a vice president of the Corporation who resigned as a director.

Mr. Thomas S. Carswell, formerly Manager of the Research Department, was appointed Vice President in Charge of Research and Development to fill the vacancy occasioned by the resignation of Mr. K. H. Hoover.

Mr. Abbott K. Hamilton, who has been with the Corporation since 1947, has been appointed a vice president.

The Board of Directors desires to express its appreciation to the stockholders for their continuing cooperation. The Board also takes this opportunity to thank the staff and employees for their contribution to the assured future of the Corporation.

By order of the Board of Directors.

HENRY E. PERRY,
President

For the Board of Directors
THEODORE P. WALKER,
Chairman

February 28, 1950

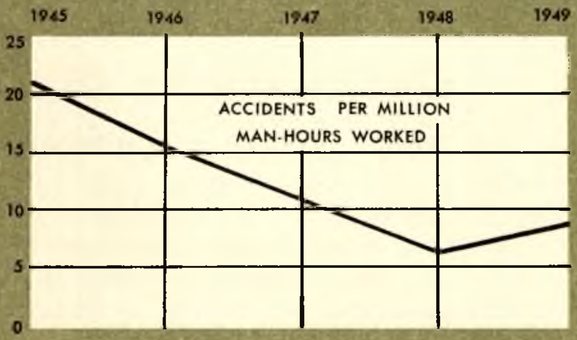
EMPLOYEES

The Corporation has 2,271 employees of whom 280 are women. Almost one-third have been associated with Commercial Solvents over ten years, and over 14% have more than twenty years of service with the Corporation.

SAFETY RECORD

AWARDED TO
COMMERCIAL SOLVENTS CORP
CARLSTADT, NEW JERSEY
IN RECOGNITION OF THE OUTSTANDING
SAFETY RECORD
MADE BY THEIR EMPLOYEES IN WORKING
WITHOUT A LOST TIME ACCIDENT FOR
TWO YEARS
DECEMBER 4, 1947 TO DECEMBER 4, 1949

The accident rate per million man-hours worked was 8.63 for the Corporation in 1949; the average for all industry was 11.49. The Carlstadt, N. J., plant completed its second consecutive year without a lost-time accident. In recognition of this achievement, the plant has been awarded a bronze plaque by the Liberty Mutual Insurance Company.



STOCKHOLDERS

Commercial Solvents Corporation, having neither bonds nor preferred stock outstanding, is wholly owned by those who hold its common stock. CSC has approximately 27,000 Common Stockholders. The Corporation's stockholders are located in all of the 48 states and in all the possessions of the United States. They are also located in 29 foreign countries.

COMMERCIAL SOLVENTS

CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 1949

CURRENT ASSETS:		
Cash		$ 4,523,624
U. S. Government securities, at cost, which approximates market		150,000
Accounts receivable (less reserve of $328,455 for doubtful accounts)		3,662,593
Inventories of raw materials, goods in process and finished products, at the lower of cost or market		8,737,674
Total Current Assets		$17,073,891
DEDUCT CURRENT LIABILITIES:		
Accounts payable	$ 1,288,115	
Accrued Federal income taxes	1,842,332	
Other accrued taxes and expenses	446,665	
Total Current Liabilities		3,577,112
NET CURRENT ASSETS		$13,496,779
NON-CURRENT ACCOUNT RECEIVABLE, Due 1951 through 1956		1,500,000
INVESTMENTS:		
Thermatomic Carbon Company (controlled company not consolidated), at cost, less reserve (Note 1)	$ 166,972	
Other investments, at cost or nominal value	281,739	448,711
PROPERTY:		
Land, buildings and equipment, at cost	$32,624,485	
Less reserves for depreciation, amortization and obsolescence	14,789,036	17,835,449
GOODWILL AND PATENTS		1
DEFERRED CHARGES (Prepaid insurance, supplies inventory, etc.)		1,829,230
TOTAL ASSETS LESS CURRENT LIABILITIES		$35,110,170
DEDUCT:		
Reserves for contingencies and miscellaneous	$ 655,165	
Deferred income	1,800,000	2,455,165
NET ASSETS		$32,655,005
SOURCE OF NET ASSETS:		
Common stock—no par value: Authorized—3,000,000 shares Issued —2,636,878 shares		$ 6,593,452
Capital surplus (no change during year)		4,325,514
Earnings employed in the business at end of year		21,736,039
		$32,655,005

CORPORATION

CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1949

Sales—Net		$33,347,682
Other operating net income		122,642
		$33,470,324
Cost of sales and expenses		29,744,277
Earnings from operations (after depreciation provision of $1,250,413)		$ 3,726,047
Dividends and other income received from Thermatomic Carbon Company (Note 1)	$ 409,020	
Dividend received from, and profit on sale of investment in, Commercial Molasses Corporation	404,196	
Miscellaneous income	542,265	
	$1,355,481	
Less miscellaneous deductions	157,478	1,198,003
Earnings before Federal income taxes		$ 4,924,050
Provision for Federal income taxes		1,559,400
Net earnings for year ($1.28 per share)		$ 3,364,650
Add earnings of prior years employed in the business		22,326,825
		$25,691,475
Deduct dividends of $1.50 per share paid during year		3,955,436
Earnings employed in the business at end of year		$21,736,039

Note 1—The Corporation's equity in the net assets of Thermatomic Carbon Company exceeds the net value at which the investment is carried by $738,053. The excess of the Corporation's equity in 1949 earnings of said company over dividends received during the year amounted to $49,939.

Note 2—Suits are pending against the Corporation but since it is impossible to forecast the ultimate liability, if any, that may arise under such suits, no provision therefor has been made in the accounts.

Note 3—The Corporation has filed claims under Section 721 of the Internal Revenue Code for refund of a portion of the excess profits taxes paid for the years 1940 through 1943. The Bureau of Internal Revenue has not yet passed on such claims and the financial statements give no effect thereto.

ARTHUR YOUNG & COMPANY
ACCOUNTANTS AND AUDITORS
1 CEDAR STREET
NEW YORK 5, N. Y.

To the Board of Directors of
Commercial Solvents
Corporation:

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1949 and the related statement of consolidated earnings and summary of earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings employed in the business present fairly the financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1949 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

New York, N. Y.
February 20, 1950

COMMERCIAL SOLVENTS CORPORATION

CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31 EACH YEAR

	1949	1948	1947	1946	1945
Cash	$ 4,523,624	$ 4,213,177	$ 7,346,049	$ 4,532,063	$ 6,831,065
U. S. Government securities	150,000	1,166,981	1,169,100	1,682,371	4,650,000
Accounts receivable less reserve	3,662,593	4,228,460	5,488,391	6,485,489	5,211,717
Inventories	8,737,674	7,442,402	6,465,416	6,238,496	4,474,428
Current assets	$17,073,891	$17,051,020	$20,468,956	$18,938,419	$21,167,210
Deduct current liabilities	3,577,112	3,891,851	5,264,635	4,229,574	2,266,684
Net current assets	$13,496,779	$13,159,169	$15,204,321	$14,708,845	$18,900,526
Non-current account receivable	1,500,000	1,800,000	—	—	—
Investments and other assets	448,712	1,237,016	1,237,016	1,171,555	1,171,555
Land, buildings and equipment	32,624,485	31,531,032	26,709,483	22,378,221	15,349,798
Less reserves for depreciation, amortization and obsolescence	14,789,036	13,898,367	12,861,231	12,233,052	11,901,174
	$17,835,449	$17,632,665	$13,848,252	$10,145,169	$ 3,448,624
Deferred charges	$ 1,829,230	$ 2,160,867	$ 2,000,086	$ 1,318,263	$ 882,320
Total assets less current liabilities	$35,110,170	$35,989,717	$32,289,675	$27,343,832	$24,403,025
Deduct:					
Reserves for contingencies and miscellaneous	655,165	643,926	631,683	642,756	784,850
Deferred income	1,800,000	2,100,000	—	—	—
Net assets	$32,655,005	$33,245,791	$31,657,992	$26,701,076	$23,618,175
Source of net assets:					
Common stock	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452
Capital surplus	4,325,514	4,325,514	4,325,514	4,325,514	4,325,514
Earnings employed in the business at end of year	21,736,039	22,326,825	20,739,026	15,782,110	12,699,209
	$32,655,005	$33,245,791	$31,657,992	$26,701,076	$23,618,175

CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE CALENDAR YEARS

	1949	1948	1947	1946	1945
Sales—net	**$33,347,682**	$41,533,864	$54,915,983	$41,874,998	$40,284,861
Other operating net income	**122,642**	30,642	65,299	*17,178*	81,054
	$33,470,324	$41,564,506	$54,981,282	$41,857,820	$40,365,915
Cost of sales and expenses	**29,744,277**	34,315,980	41,557,552	33,436,322	33,735,210
Earnings from operations	**$ 3,726,047**	$ 7,248,526	$13,423,730	$ 8,421,498	$ 6,630,705
Dividends and other income—net	**1,198,003**	1,293,711	879,300	610,981	283,380
Earnings before Federal income taxes, etc.	**$ 4,924,050**	$ 8,542,237	$14,303,030	$ 9,032,479	$ 6,914,085
Provision for Federal income taxes	**1,559,400**	2,999,000	5,234,600	3,312,700	4,780,667
	$ 3,364,650	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,133,418
Provision for contingencies	—	—	—	—	100,000
Net earnings	**$ 3,364,650**	$ 5,543,237	$ 9,068,430	$ 5,719,779	$ 2,033,418
Add earnings of prior years employed in the business	**22,326,825**	20,739,026	15,782,110	12,699,209	12,896,109
	$25,691,475	$26,282,263	$24,850,540	$18,418,988	$14,929,527
Deduct dividends paid	**3,955,436**	3,955,438	3,955,378	2,636,878	1,977,659
Deduct charges to earnings employed (net)	—	—	156,136	—	252,659
Earnings employed in the business at end of year	**$21,736,039**	$22,326,825	$20,739,026	$15,782,110	$12,699,209
Net earnings per share	**$ 1.28**	$ 2.10	$ 3.44	$ 2.17	$ .77
Dividends paid per share	**$ 1.50**	$ 1.50	$ 1.50	$ 1.00	$ .75

PRINCIPAL PRODUCTS AND SERVICES

AGRICULTURAL CHEMICALS

- Anhydrous Ammonia
- Choline Chloride
- Concentrated Distillers' Molasses Solubles
- Distillers' Dried Grains
- Niacin
- Butyl Fermentation Solubles B•Y-500 and B•Y-21
- Riboflavin Products
- Benzene Hexachloride
- Dilan
- Ethyl Formate
- Metaldehyde
- Sixide

INDUSTRIAL CHEMICALS

- Acetone
- Alkaterge
- Amyl Acetate
- Anhydrous Ammonia
- Benzyltrimethylammonium Chloride
- Butanol
- Butyl Acetate
- Butyl Lactate
- Butyl Stearate
- Diacetone
- Dibutyl Maleate
- Dibutyl Phthalate
- Dibutyl Sebacate
- Diethyl Maleate
- Diethyl Oxalate
- Diethyl Phthalate
- Dimethyl Maleate
- Dimethylamine
- Dry Ice
- Ethyl Alcohol, pure and denatured
- Ethyl Lactate
- Formaldehyde
- Isopropylamine
- Metaldehyde
- Methanol
- Monomethylamine
- Nitroparaffins and derivatives
- Quakersol
- Riboflavin
- Pentaerythritol
- Shellacol
- Tributyl Borate
- Tributyl Phosphate
- Trimethylamine

PHARMACEUTICALS

- Penicillin
  - Potassium G
  - Procaine G
  - Bi-Pen
  - Soltabs
  - Buffered Tablets
  - Troches
  - Veterinary
- Bacitracin
  - Topical
  - Nasal
  - Ointments
  - Oral Tablets
  - Troches
  - Veterinary
- Inositol
- Choline Gluconate
- Kwell Ointment
- Gluco-Mycin
- Glucurone

POTABLE SPIRITS

- Neutral Spirits
  - Grain
  - Cane
- Whiskeys
  - Bourbon
  - Corn
  - Rye
- Rack House
  - Barrel Storage

SPECIALTIES, AUTOMOTIVE

- Nor'way Anti-freeze
- Nor'way Anti-rust
- Nor'way Cleaner
- Nor'way Quick Flush
- Nor'way Stop Leak
- Nor'way Dry-Ex
- Nor'way Parts Cleaner
- Nor'way Car Wash
- Nor'way Windshield Cleaner
- Nor'way Penetrating Oil
- Peak Anti-freeze
- Quixol

PLANTS, SALES OFFICES AND WAREHOUSES

PLANTS

- Agnew, Calif.
- Carlstadt, N. J.
- Harvey, La.
- Newark, N. J.
- Peoria, Ill.
- Sterlington, La.
- Terre Haute, Ind.
- Westwego, La.

BRANCH OFFICES

- Baltimore, Md.
- Boston, Mass.
- Chicago, Ill.
- Cincinnati, Ohio
- Cleveland, Ohio
- Detroit, Mich.
- Kansas City, Mo.
- Los Angeles, Calif.
- Louisville, Ky.
- New Orleans, La.
- New York, N. Y.
- Philadelphia, Pa.
- St. Louis, Mo.
- St. Paul, Minn.
- San Francisco, Calif.

AGENTS

- Atlanta, Ga.
- Birmingham, Ala.
- Boise, Idaho
- Boston, Mass.
- Buffalo, N. Y.
- Charlotte, N. C.
- Chicago, Ill.
- Cincinnati, Ohio
- Dallas, Texas
- Denver, Colo.
- Des Moines, Iowa
- LeRoy, N. Y.
- Los Angeles, Calif.
- Miami, Fla.
- Milwaukee, Wisc.
- Minneapolis, Minn.
- New Castle, Pa.
- New York, N. Y.
- Philadelphia, Pa.
- Portland, Ore.
- Seattle, Wash.
- Spokane, Wash.
- St. Louis, Mo.
- Toronto, Canada

WAREHOUSES

- Agnew, Calif.
- Atlanta, Ga.
- Baltimore, Md.
- Boston, Mass.
- Carlstadt, N. J.
- Charlotte, N. C.
- Chicago, Ill.
- Cincinnati, Ohio
- Cleveland, Ohio
- Denver, Colo.
- Detroit, Mich.
- Harvey, La.
- Kansas City, Mo.
- Los Angeles, Calif.
- Newark, N. J.
- Peoria, Ill.
- Philadelphia, Pa.
- Portland, Ore.
- St. Louis, Mo.
- St. Paul, Minn.
- Seattle, Wash.
- Spokane, Wash.
- Terre Haute, Ind.

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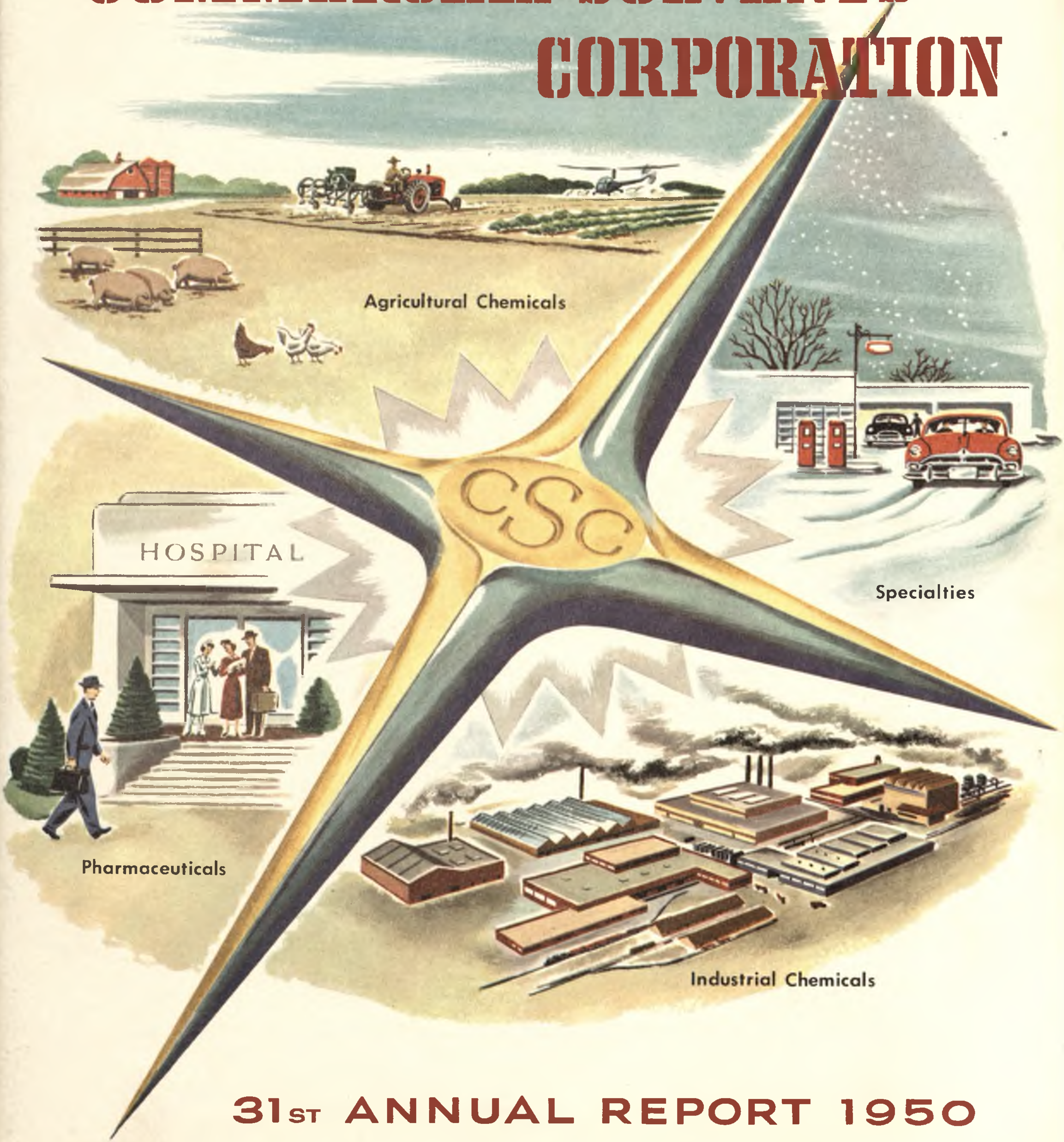
COMMERCIAL SOLVENTS CORPORATION



31st ANNUAL REPORT 1950

Major Walker and Mr. Woods tour the Terre Haute plant following Mr. Woods' election as President in April, 1950.

AFTER 28 YEARS of service with Commercial Solvents Corporation, Theodore P. Walker retired as Chairman of the Board, effective December 31, 1950. He will continue to serve on the Board of Directors.

Major Walker joined Commercial Solvents in 1922. One of his first jobs was to direct the construction of the plant at Peoria, of which he was subsequently appointed Manager. In 1924 he was made a Vice President, and in 1928, Executive Vice President. In 1933, he was elected a Director. Major Walker became President in 1938, and Chairman of the Board in 1947.

Commercial Solvents recognizes the distinguished, devoted, and outstanding service rendered by Major Walker to the Corporation during the past twenty-eight years, especially the inspiring and effective leadership which has marked his incumbency as its chief executive officer, and congratulates him upon the occasion of his retirement.

31st

ANNUAL REPORT

1950

COMMERCIAL SOLVENTS CORPORATION

General Offices:
17 EAST 42nd STREET, NEW YORK 17, N. Y.

CSC

Transfer Agent:
GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK 15, N. Y.

Registrar:
THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
11 BROAD STREET, NEW YORK 15, N. Y.

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Two Year Statistical Review

	1950	1949	Per Cent Change
INCOME			
Sales—net	$44,991,376	$33,347,682	+35
Dividends and other income	1,672,165	1,478,123	+13
Total income	$46,663,541	$34,825,805	+34
COSTS AND EXPENSES			
Wages and salaries	$ 8,444,125	$ 7,787,837	+ 8
Pensions, group insurance, and social security taxes	621,020	533,618	+16
Raw materials, supplies and other expenses	27,350,973	19,961,584	+37
Depreciation on buildings and equipment	1,420,266	1,250,413	+14
Taxes—Federal, State and Local	3,649,554	1,927,703	+89
Total costs and expenses	$41,485,938	$31,461,155	+32
NET EARNINGS	$ 5,177,603	$ 3,364,650	+54
DIVIDENDS PAID TO STOCKHOLDERS	3,296,097	3,955,436	—17
YEAR'S EARNINGS EMPLOYED IN THE BUSINESS	$1,881,506	*$ 590,786* (1)	
EXPENDITURES for land, buildings and equipment	$ 1,585,278	$ 1,506,064	
NET EARNINGS per share	$ 1.96	$ 1.28	
DIVIDENDS paid per share	$ 1.25	$ 1.50	

---

(1) Represents excess of dividends paid over net earnings for year.

The President's Letter

Although this is the thirty-first annual report of your company, it is my first as your President. It seems fitting that a personal comment should be made at this time. Commercial Solvents has a record of achievement which is honorable and good. We face the future with the confidence that our products will find even greater acceptance, that new products will be found by our intensive research, and that our manufacturing facilities will be expanded to meet greater demands. The chemical industry is a growth industry; your company is a growth company.

● FINANCIAL

Net earnings for the year 1950 were $5,177,603, or $1.96 per share of common stock, as compared with $3,364,650, or $1.28 per share, in 1949.

Net sales were $44,991,376, an increase of 35% over those for the preceding year. This substantial increase was due to a sharp rise in sales beginning in the third quarter, as well as an improvement in the long-depressed price levels of a number of our chemical products.

Dividends totaling $1.25 per share were paid during 1950 on the common stock. Working capital was increased by $1,958,598.

Investment in plants and equipment during 1950 amounted to $1,585,278, and an additional sum of about $2,000,000 will be expended in 1951 on construction authorized in 1950.

● AFFILIATED COMPANIES

In March, the company disposed of its 17% interest in The Pacific Molasses Company, Limited, by selling to that company all of the shares which it owned. A gross profit of $403,242 was realized. The Corporation decided it would be advantageous to sell its holdings because of the drastic changes in the supply of, and methods of purchasing, molasses.

Thermatomic Carbon Company, of which Commercial Solvents Corporation owns 65.3%, reported earnings for the year 1950 of $825,787, an increase of $192,089 over those for 1949. Dividends of $424,690 received from Thermatomic Carbon Company during 1950 were $60,670 in excess of the amount received during the preceding year. Shipments of the two special types of carbon black which it produces were the largest in its history. Expansion of the company's production facilities is under consideration.

● OUTLOOK

In these critical days, your company is certain to feel the full impact of defense mobilization. We are currently shipping ethyl alcohol to the reactivated Government butadiene plants for the production of synthetic rubber. The Reconstruc-

The President's Letter (Continued)

tion Finance Corporation recently appointed your company its agent to handle the importation of approximately 106 million gallons of French alcohol to be used for the same purpose. We cheerfully accepted this assignment as a public service and at a nominal fee which should cover our expenses. Your company will, undoubtedly, be called upon to furnish many important and critical industrial and agricultural chemicals, as well as pharmaceuticals, when defense requirements are definitely established.

New construction already planned and authorized is being rushed to completion with all possible haste. Every effort will be exerted to continue progress in plant modernization, manufacturing techniques, product improvement and development, and in merchandising in order to meet the ever-increasing expansion of American industry with its high degree of competitive spirit.

Stockholders are vitally concerned with the company's future prospects should our country move into a complete war economy. Of the more than two hundred products we produce, a majority are as essential in war as in peace. While expansion and production may be difficult under these critical circumstances, it will continue to be the policy of your management to move ahead as rapidly as possible with future growth plans in keeping with our country's interests and requirements, which must come first.

● PERSONNEL

It is with deep sorrow we record the untimely death on March 15, 1950 of Henry E. Perry. Mr. Perry was associated with the Corporation for twenty-eight years, actively participating in the growth and success of the company and serving as its President since 1947. He was greatly beloved.

We regret, also, to report the death on May 17 of David M. Goodrich, for many years Chairman of the Board of The B. F. Goodrich Company, and one of the founders of Commercial Solvents Corporation. Mr. Goodrich gave generously of his wise and able counsel through his long years of service as a Director.

During the year 1950, the following were elected to the Board of Directors: Leroy A. Lincoln, Chairman of the Board of the Metropolitan Life Insurance Company; Arthur B. Lawrence, Senior Partner of F. S. Smithers & Co.; Carl S. Miner, Miner Laboratories in Chicago; Henry V. B. Smith, Partner of H. J. Baker & Bro.; and Maynard C. Wheeler, Vice President in Charge of Production.

H. J. Henry was appointed Vice President in Charge of Sales in July. Mr. Henry's chemical background and his proven record in the pharmaceutical business for the past 27 years especially qualified him for this important position.

Howard L. Sanders, Treasurer, was appointed Vice President and Treasurer at the April meeting of the Board of Directors.

Commercial Solvents has a capable and loyal group of employees. They are the kind of men and women who have the talent and the courage to cope with the tasks and the opportunities ahead. I want you to know it is a pleasure and a privilege to be a part of such an organization.

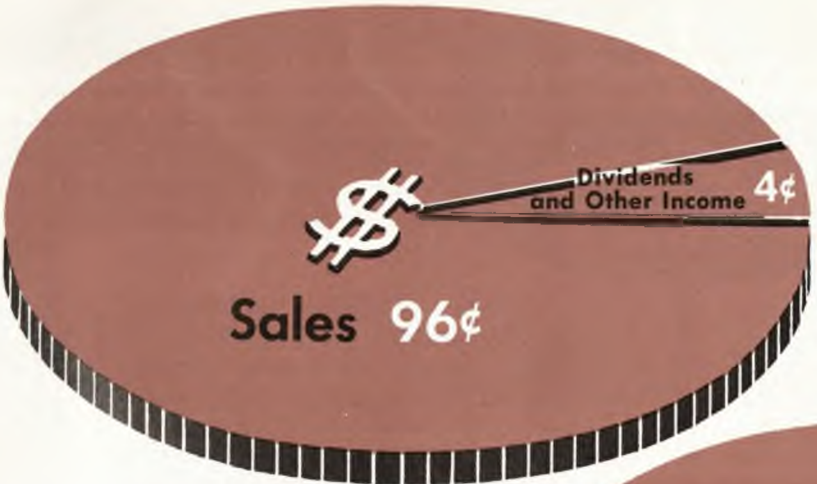
JAWoods

President

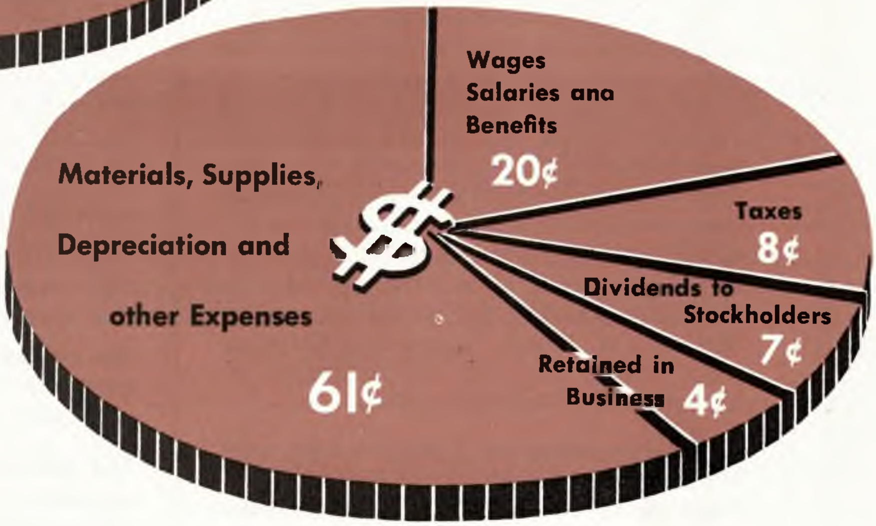
February 19, 1951

the CSC Dollar
1950

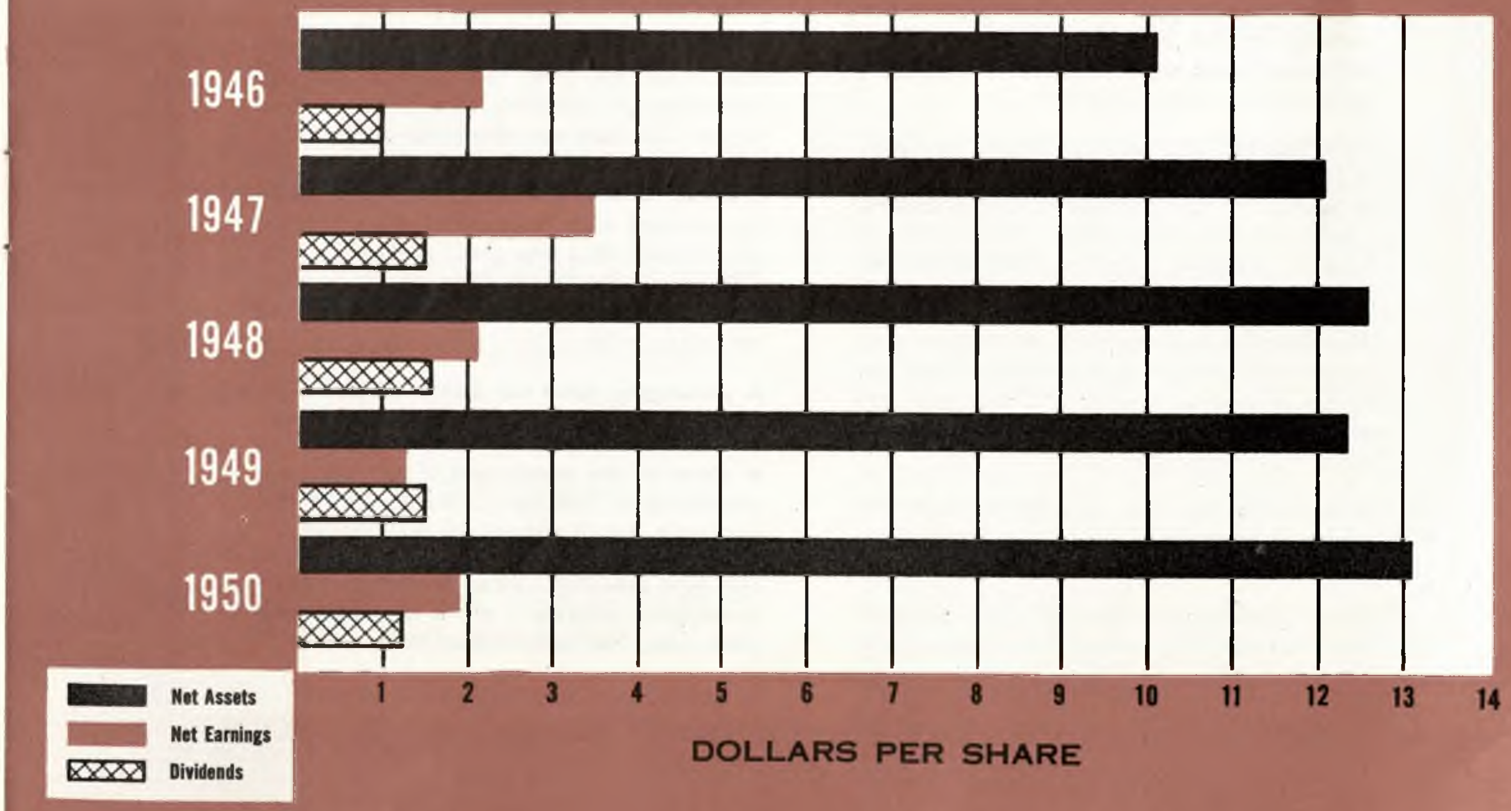
WHERE IT CAME FROM



WHERE IT WENT



NET ASSETS, NET EARNINGS, DIVIDENDS



HISTORICAL HIGHLIGHTS

1919

1949

EARLY IN WORLD WAR I, the British Government desperately needed large quantities of acetone to produce explosives. As the wood distillation process then in use was slow and yields were poor, a search was made for a new process. A method by which acetone could be made cheaply and in large quantities by bacterial fermentation, along with by-products ethyl alcohol and butanol, was the result of research by Dr. Chaim Weizmann. This discovery was of great historical significance since it was the first time bacteria had been deliberately sought and harnessed to perform specific industrial labor. After the U. S. entered the war, the U. S. Air Service and the British War Mission adapted facilities at Terre Haute, Ind. for the production of acetone by the Weizmann process.

1919 **At the close of the war,** Commercial Solvents Corporation of Maryland was formed to develop the war-born industry. The Terre Haute facilities were purchased from the Government and exclusive rights under the Weizmann patents were obtained.

1920 **Production was resumed** on April 1 for the purpose of making butanol. An important use for butanol had been discovered in the manufacture of fast-drying lacquers which permitted assembly-line production of cars, furniture and other materials.

1923 **The Majestic Distillery** at Peoria was purchased from the U. S. Food Products Co. and enlarged, for the purpose of decentralizing operations and increasing production of acetone, butanol, ethyl alcohol, and their many derivatives.

1927 **The company entered** into high-pressure synthesis with production of methanol from gas at a new unit at Peoria. CSC was the first company in the United States to produce and market synthetic methanol.

1931 **Commercial Solvents** assumed management of Thermatomic Carbon Co. at Sterlington, La. on a contract basis.

1933 **Barrel storage warehouses** were acquired and grain alcohol production started at Terre Haute. The company acquired the Rossville Commercial Alcohol Corp. and its subsidiary, the American Solvents and Chemical Corp. of California, with plants at Harvey and Westwego, La.; Agnew, Calif.; and Newark, N. J. With this purchase, CSC acquired one of the largest industrial alcohol businesses in the country, as well as an established anti-freeze business. A "dry ice" plant adjacent to the Peoria plant was also purchased.

The company acquired majority interest in Thermatomic Carbon Co. 1936

CSC became the first to produce riboflavin by the fermentation process. 1938

The nitroparaffins, an entirely new family of chemicals, were put into production at a pilot-plant unit at Peoria. 1940

The company built and operated the Dixie Ordnance Works at Sterlington, La. for the Government for the production of anhydrous ammonia. 1942

CSC entered the pharmaceutical field with the completion of a penicillin plant at Terre Haute, one of the first units to produce penicillin by deep-tank fermentation. 1944

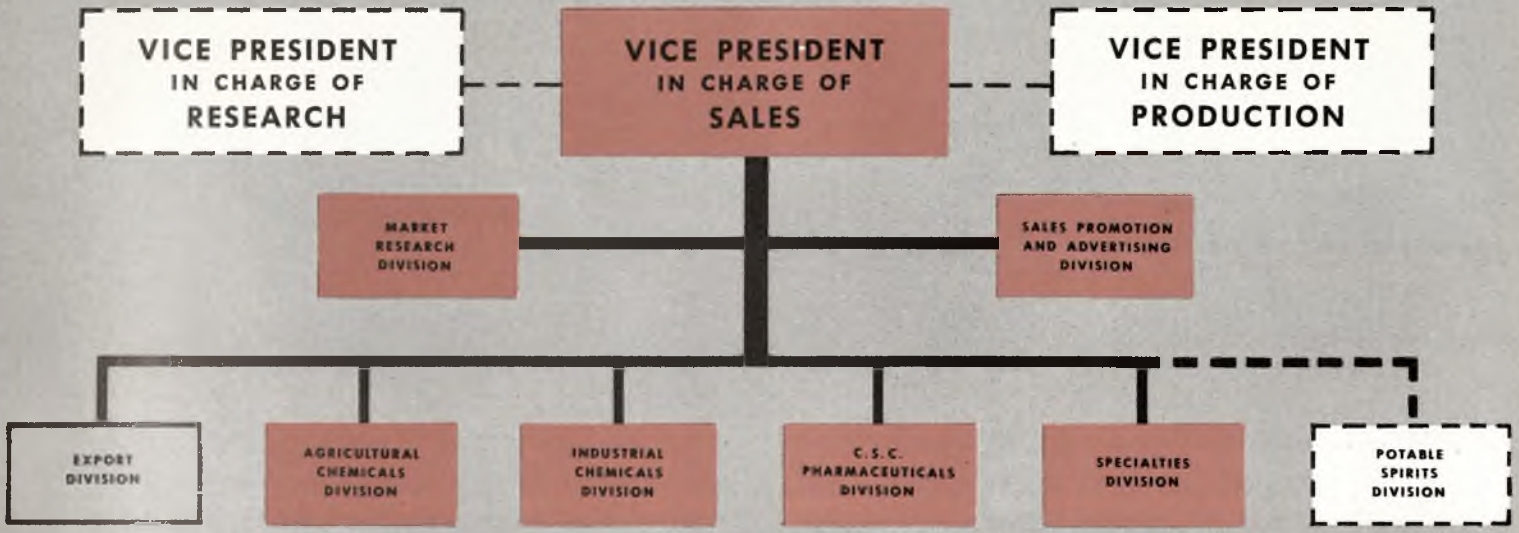
The Dixie Ordnance Works at Sterlington was purchased from the Government and production of anhydrous ammonia was resumed. Purchase was also made of the Pennsylvania Alcohol & Chemical Corp. with its plant at Carlstadt, N. J. The insecticide field was entered with the production of benzene hexachloride at a new plant at Terre Haute. CSC became the first to commercially produce crystalline penicillin, in both sodium and potassium salts. 1946

A packaging plant for anti-freeze and other consumer products was built at Terre Haute. 1947

A plant for the production of methanol was completed at Sterlington. Bacitracin, a new antibiotic, was introduced by the company. 1948

The new research center, including a pharmacological laboratory and a microbiological pilot plant, was dedicated at Terre Haute. 1949

SALES


VICE PRESIDENT IN CHARGE OF RESEARCH
VICE PRESIDENT IN CHARGE OF SALES
VICE PRESIDENT IN CHARGE OF PRODUCTION
MARKET RESEARCH DIVISION
SALES PROMOTION AND ADVERTISING DIVISION
EXPORT DIVISION
AGRICULTURAL CHEMICALS DIVISION
INDUSTRIAL CHEMICALS DIVISION
C.S.C. PHARMACEUTICALS DIVISION
SPECIALTIES DIVISION
POTABLE SPIRITS DIVISION

Beginning in July, when H. J. Henry became Vice President in Charge of Sales, a comprehensive analysis was made of the functions and methods of operation of the Sales Department. As a result of this study, changes were instituted in the departmental organization to centralize authority and responsibility, as well as to simplify administration. At the year-end, major steps had been completed to achieve these results.

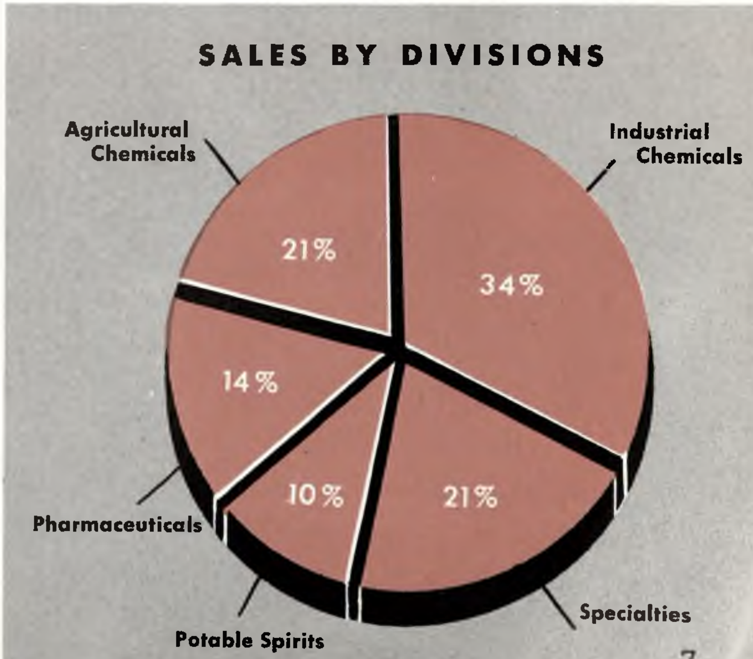
Under the new organizational structure, the product division manager of each of the four main sales divisions — Agricultural Chemicals, Industrial Chemicals, C.S.C. Pharmaceuticals, and Specialties—is responsible for the activities of his division. This includes methods of distribution, and use of branch offices and warehouses.

The Potable Spirits Division is a separate unit under the direction of a Vice President.

Both the Market Research Division, and the Sales Promotion and Advertising Division, are service units for the five product sales divisions.

The Export Division handles the marketing of products in accordance with the requirements set up by the product division managers.

In 1951, this sales plan will be in full operation, permitting the Vice President in Charge of Sales to devote his time to managerial functions, working closely with the division managers and following up projects under way in research and production through the vice presidents of those departments.



CSC

SALES DIVISION

AGRICULTURAL CHEMICALS

INSECTICIDES

Benzene Hexachloride
Dilan
Ethyl Formate
Metaldehyde

FEED SUPPLEMENTS

Baciferm
Butyl Fermentation Solubles
  B·Y-100
  B·Y-500
Choline Chloride
Choline Supplement 25
Concentrated Distiller's
  Molasses Solubles
Distillers' Dried Grains
Niacin
Riboflavin Products
  B·Y-16 B·Y-21

FERTILIZER

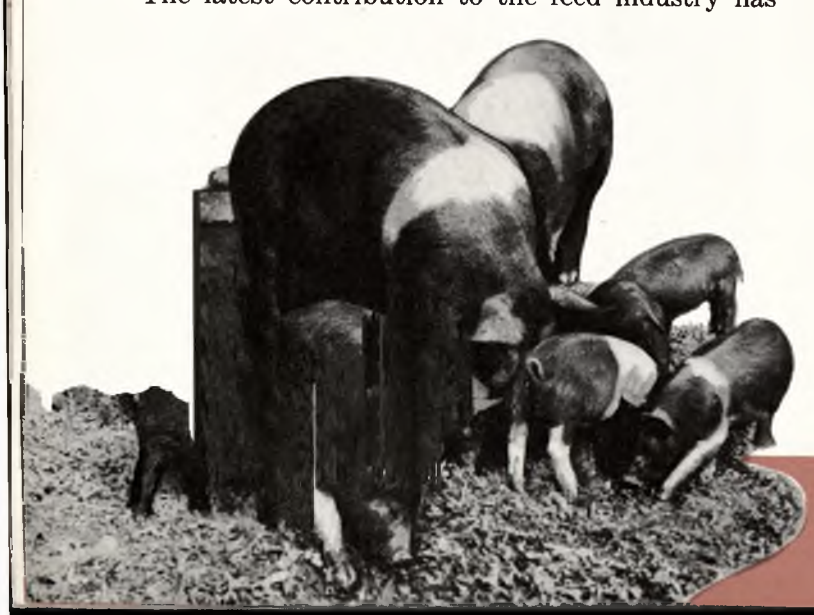
Anhydrous Ammonia

The Agricultural Chemicals Division serves the three major fields of agricultural chemicals—feeds, fertilizers, and insecticides. In the past decade, these have developed into major industries and the growth of CSC's agricultural sales has been correspondingly rapid.

FEED SUPPLEMENTS

In the mixed feed business, technological advances resulting from the study of nutritional factors influencing the rate of growth of poultry, beef, and swine, have made it necessary for farmers to use mixed feeds of high efficiency in order to remain in a competitive position. Today, the mixed feed business amounts to 3 billion dollars annually, and the predicted curve of mixed feed consumption indicates that this business will double by the end of the next five-year period.

The latest contribution to the feed industry has been the introduction of antibiotic feed supplements and a Vitamin B_{12} supplement. These new feed products have remarkable growth-promoting properties. Poultry and swine raised on diets containing these ingredients grow faster and more uniformly, and are more resistant to disease than those fed other good rations. The resultant economies to the farmer, as well as to the public, are expected to stimulate a substantial market for these new products.

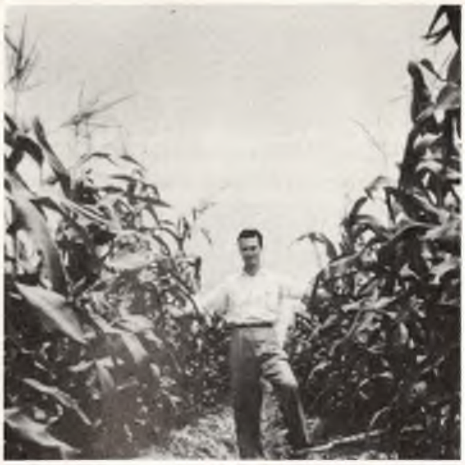


Feed Supplements are important for growth and feed efficiency

At the end of December Commercial Solvents was producing an antibiotic feed supplement called Baciferm and a Vitamin B_{12} supplement called Proferm. An intensive sales program was begun in January and it is expected that a good volume of business will result in 1951. It is also planned to market a combination product, called Duoferm.

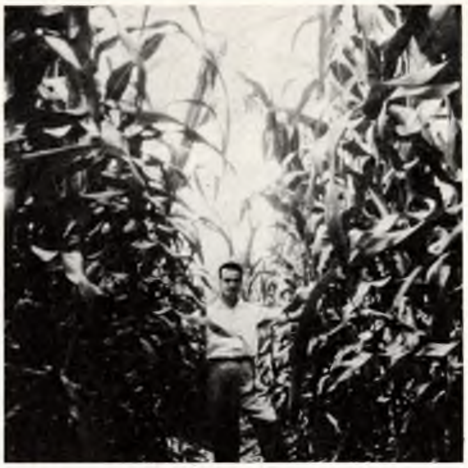
Sales of B·Y-21, one of the concentrated forms of riboflavin, equalled the record volume attained in 1949. Other riboflavin products were in good demand. B·Y-100, a butyl fermentation product, was introduced during the year as a result of increased production of butyl alcohol, of which it is a by-product.

As feed manufacturers revise their formulas to take advantage of new materials available to them, they have shown increasing interest in choline, another



Anhydrous Ammonia Makes the Difference

Both photos were taken on the same day in the same cornfield. Regular fertilizer was used on the rows at the left; anhydrous ammonia by direct application, at the right. The result—fair yield versus bumper crop. Direct application of anhydrous ammonia through the South is also increasing yields of cotton, sugar cane, rice, pasture crops, vegetables, and other important agricultural products. In addition, the protein content of food products is being increased in many cases by the use of anhydrous ammonia. Of all commercial sources of nitrogen, none is more economical than ammonia.



of the B vitamin group. Since ammonia and methanol are primary raw materials in the manufacture of choline, CSC has a basic position in the production of this type of supplement. Sales of the dry form of choline supplement, introduced early in 1949, were approximately double the 1949 total; sales of liquid choline were considerably above the previous year.

FERTILIZERS

The tremendous increase in fixed nitrogen production resulting from the conversion of government-owned plants to private industry was expected to satisfy fertilizer demands for a long period. However, a shortage continues to exist, and sales of anhydrous ammonia were limited only by production.

To broaden our base in the fertilizer industry and to provide better service to our customers, nitrogen solutions will be offered early in 1951.

INSECTICIDES

Last year again demonstrated the value of benzene hexachloride as an effective insecticide for the control of the boll weevil. Without materials of this type, the decline in cotton production would have been much more serious. Current demand for benzene hexachloride is far in excess of our productive capacity and it is necessary to restrict our sales to established customers.

Dilan, a new insecticide, underwent extensive field-testing during 1950. It is the first synthetic insecticide for the control of the Mexican bean beetle. Dilan is expected to be ready for limited marketing early in 1951.

Sales of metaldehyde, which is used as an attractant in poison bait for slugs and snails, increased considerably over those for 1949, due to the serious infestation on the West Coast.

Insecticide being applied to field crops by Bell Helicopter

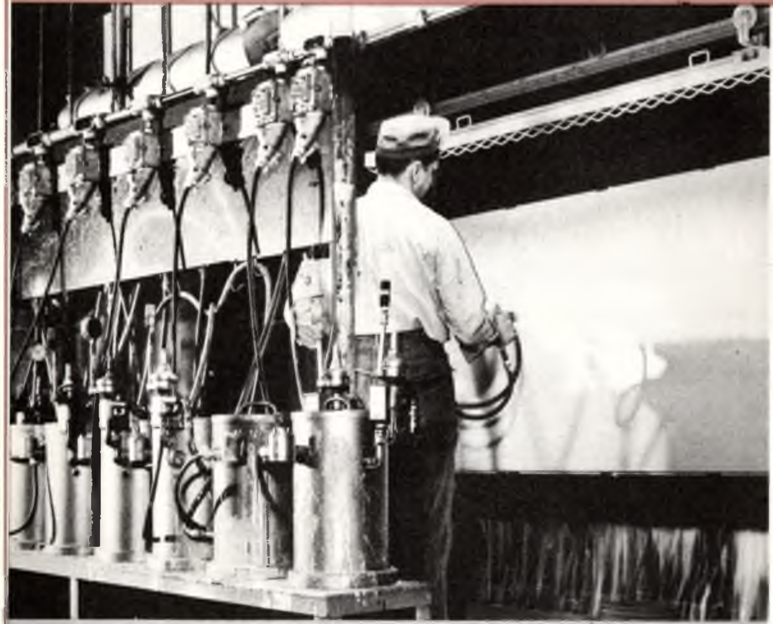
CSC

SALES DIVISION

INDUSTRIAL CHEMICALS

Acetic acid
Acetone
Alcohol, Pure and Denatured
Alkaterge-C
2-Amino-1-butanol
2-Amino-2-methyl-1, 3-propanediol
2-Amino-2-methyl-1-propanol
Amyl acetate
Benzyltrimethylammonium chloride
Butanol
Butyl acetate
Butyl lactate
Butyl stearate
*1-Chloro-1-nitroethane
*1-Chloro-1-nitropropane
*Choline bicarbonate
Corn oil
*Dibutyl maleate
Dibutyl phthalate
*1-Dichloro-1-nitroethane
Diethyl maleate
Diethyl oxalate
*Dimethyl maleate
Dimethylamine
Dry Ice
Ethyl acetate
Formaldehyde
Hydroxylammonium acid sulfate
*Hydroxylammonium chloride
Hydroxylammonium sulfate
Iso amyl alcohol
Isopropylamine
Methanol
Monomethylamine
Nitrocellulose solutions
Nitroethane
Nitromethane
2-Nitro-1-butanol
2-Nitro-2-methyl-1-propanol
1-Nitropropane
2-Nitropropane
*Pentaerythritol
Quakersol
Refined fusel oil
Riboflavin R.S., U.S.P.
Riboflavin U.S.P.
Shellacol
Solvent #75
Tributyl Phosphate
Trimethylamine
Tris(hydroxymethyl)aminomethane

*Pilot-plant quantities



HOT-LACQUER PROCESS

An outstanding advancement in the lacquer field has been the acceptance of the hot-lacquer process, developed and patented by Commercial Solvents. Designed to use heat as a viscosity-reducing agent, the process results in substantial savings in man-hours and materials by reducing the number of coats required while improving the quality of the finish.

The company dedicated its hot-lacquer process (U. S. Patent No. 2,150,096) to the lacquer industry on January 1, 1950, and since that time, growth in its use has been outstanding. Hot lacquer is being applied at the rate of over 250,000 gallons per month to such varied items as automotive parts, furniture, wall tile, tool boxes, furnaces, pianos, aircraft equipment, scales, and washing machines.

Commercial Solvents does not manufacture lacquers, but it does produce the high quality solvents required in the hot-lacquer formulas.

In the first seven months, despite a general industry downtrend in sales of solvents, our competitive position was improved. Beginning in August, demand for all products was beyond our capacity to meet. In many cases it was necessary to resort to allocations in order to best serve our regular customers.

ETHYL ALCOHOL

During the fourth quarter of the year, ethyl alcohol was critically short, due not only to the raw material shortage and the general increased tempo of business, but to demands of the newly-reactivated synthetic rubber program. Ethyl alcohol sales throughout the year showed a reasonable profit.

Pentaerythritol, a relatively new raw material, was made available by the company in pilot plant quantities. Production from the present unit is sold well into 1951, and prospects are such that the construction of a commercial unit is being contemplated.

BUTANOL

Sales of butanol as such and in the form of derivatives during the first seven months of 1950 were at reasonably high levels and exceeded those for the corresponding period in 1949. Unfortunately, the profit picture on butanol and butyl acetate continued to be adversely affected by the unfavorable raw material cost of corn which has remained at a high price because of the continuance of the government price support program.

During the latter portion of the year, the tremendous demand which developed for butanol made it feasible to increase our selling price to show a reasonable profit. Throughout the year a concentrated effort was made to channel as much butanol as possible to profitable derivatives and our sales of derivatives were considerably better than for the previous year.

METHANOL

Methanol sales were the highest in our history. Service to customers on the eastern seaboard was improved greatly by shipment of methanol by tanker from Harvey, Louisiana to Carteret, New Jersey, and the delivery direct to customers by tank wagon. The chief methanol derivatives are the methylamines and sales of these compounds were also the largest on record. Growth of the West Coast plastics industry accounted for increased consumption of formaldehyde produced at the Agnew Plant.

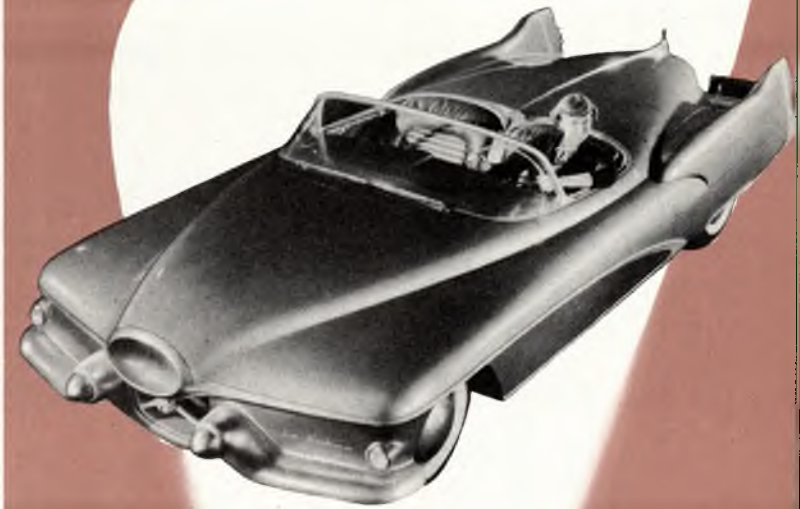
NITROPARAFFINS

Sizable reductions were made in the prices of nitroparaffins and their derivatives due to process improvements resulting in lower production costs. This led to renewed demand for these chemicals. Sales subsequently increased considerably and several derivatives are being sold to the extent of our ability to produce them.

RIBOFLAVIN CRYSTALS

Sales of riboflavin crystals increased rapidly to a point where we were selling all that we could make. Moreover, the market was diversified to provide us with greater stability than we have had in the past. Our competitive position in this field was improved markedly, particularly in pharmaceutical applications, due to exploitation of our readily soluble form of U.S.P. riboflavin.

CAR OF THE FUTURE



A "laboratory on wheels" for testing tomorrow's design and mechanical ideas is Le Sabre, a custom built General Motors Styling Section car. Although the body is only 3 feet high, Le Sabre has a standard road clearance of six inches and a 115-inch wheelbase.

Le Sabre will be powered by an experimental V-8 engine, developing more than 300 horsepower with supercharger. A dual fuel system utilizes one of the current premium fuels and *methanol*, each of which is stored in one of the high flung rear fenders. Methanol will be injected into the combustion chambers through a carburetor—for extra power boost—at a certain level of the speed range.

The use of methanol as a fuel, while in the experimental stage in automobiles, is in actual practice on the nation's airlines. Injections of a methanol-water mixture are used to supply additional power for more rapid take-offs and quicker rates of climb. Leading airlines, faced with the problem of short runways and heavily-loaded planes, are using this injection system to provide an extra margin of safety.

The injection system was developed for our fighter planes during World War II to permit bursts of speed which gave our flyers an advantage during combat.

SALES DIVISION

C.S.C. PHARMACEUTICALS

Bacitracin
  - Bacillyrium (ophthalmic solution)
  - Nasal
  - Ointment
  - Ophthalmic ointments
  - Oral tablets
  - Topical
  - Troches with Benzocaine
  - Vaginal Tablets

Penicillin
  - Bi-Pen
  - Com-Pen
  - Com-Pen Aqueous
  - Crystalline Penicillin G Potassium
  - Crystalline Procaine Penicillin G
  - Soltabs
  - Tablets Buffered
  - Troches

Diagnostic Aid
  - Dia-Discs

Ethyl Alcohol

Lipotropic Agents
  - Inositol
  - Solution Sirnositol
  - Solution Choline Gluconate

Kwell Ointment

Hypotensive Agent
  - Tolanate
  - Tolanate with Phenobarbital

Glucuronolactone
  - Gluco-Mycin Oral Tablets
  - Glucurone

Veterinary Preparations

COM-PEN AQUEOUS
PROCAINE PENICILLIN G IN AQUEOUS SUSPENSION
FOR INTRAMUSCULAR USE ONLY

NEW PRODUCT—1950

SOLTABS
SOLUBLE TABLETS CRYSTALLINE PENICILLIN G POTASSIUM
SOLTABS
SOLUBLE TABLETS CRYSTALLINE PENICILLIN G POTASSIUM

NEW PACKAGE SIZE—1950

CSC Pharmaceuticals was organized in 1944 to handle the marketing of penicillin, which the company started to produce that year. Due to the limited quantity of penicillin available, it was marketed on an allocation basis until the middle of 1946.

Penicillin was the sole pharmaceutical product sold by this division until 1948. In that year, as a result of the new program of pharmaceutical research, several new medical items were introduced. However, it was not until last year that the impetus of the research program was felt. Sales of pharmaceuticals other than penicillin were 78% greater in 1950 than those for the previous year.

Despite the introduction of new antibiotics to the pharmaceutical trade during 1950, sales of penicillin continued to increase. Penicillin, because of its effectiveness in the treatment of many diseases, its low toxicity, and its reasonable cost, remained by far the most widely used antibiotic. A greater variety of forms has materially broadened its usage, and physicians have accepted the administration of higher doses in penicillin therapy. Although penicillin preparations were highly competitive and prices were fluid during the first half of 1950, the last half witnessed a demand far in excess of production and prices stabilized.

Bacitracin continued to show a substantial increase in sales.

NEW DOSAGE FORM—1950

NEW PRODUCT—1950

NEW PRODUCT—1950

DIA-DISCS
A Dependable, Rapid Means of Determining Bacterial Antibiotic Sensitivity Qualitatively and Quantitatively
CSC
DIA-DISCS
DIAGNOSTIC TEST TABLETS

NEW PRODUCT—1951

NEW PRODUCT—1951

NEW PRODUCT—1950

New fields of application which are being investigated, and a wider variety of dosage forms, promise broader acceptance of this valuable antibiotic, particularly for topical use. Combinations of bacitracin with other antibiotics will soon make their appearance. They include Penitracin (penicillin and bacitracin), and Neobacin (neomycin and bacitracin).

Glucurone (glucuronolactone), used in the treatment of arthritis and related bone and joint diseases, was available during 1950 in limited quantities.

Sirnositol (a combination of choline and inositol) was introduced at the year-end. It is used in the treatment of conditions associated with abnormal fat metabolism. Inositol in the form of tablets was also announced late in 1950.

New products to be announced early in 1951 are Dia-Discs, a diagnostic aid used by hospitals and clinical laboratories to determine the antibiotic of choice; and Tolanate, an effective agent in the treatment of hypertension.

With the availability in 1951 of several times the present supply of penicillin, and with a continuing increase in the number of other pharmaceutical items, it is planned to add a substantial number of professional sales representatives in order to obtain a broader coverage in the medical and hospital fields.

NEW PRODUCT—1950

BACITRACIN-NASAL
BACITRACIN WITH DESOXYEPHEDRINE
CSC
BACITRACIN WITH DESOXYEPHEDRINE

NEW DOSAGE FORM—1950

NEW DOSAGE FORM—1950

POTABLE SPIRITS

The company's oldest line of products is the Rossville brand of alcohols which trace their ancestry back to the Rossville, Indiana, distillery started in 1847. In addition to the high quality alcohol made by the company for specific applications, potable spirits are produced on customer order and sold only in bulk quantities.

Sales of neutral spirits and whiskeys more than doubled during 1950, and at the close of the year production was sold for several months ahead. There was also a strong demand for leased space in the company's whiskey rackhouses. A continued high level of activity is expected during 1951.

Specially-constructed rackhouses at Terre Haute hold 300,000 barrels, or 15 million gallons.

CSC

SALES DIVISION

SPECIALTIES

NOR'WAY Anti-freeze
NOR'WAY Anti-rust
NOR'WAY Carburetor and Parts Cleaner
NOR'WAY Car Wash
NOR'WAY Dry-Ex
NOR'WAY Penetrating Oil
NOR'WAY Quick Flush
NOR'WAY Radiator Cleaner
NOR'WAY Stop Leak
NOR'WAY Windshield Washer Fluid
PEAK Anti-freeze
Quixol

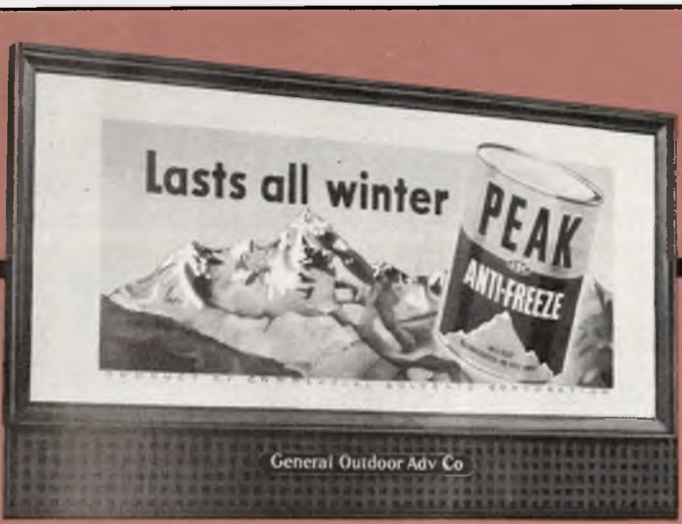
The Specialties Division continued to broaden its share of the market for automotive chemical specialties, and substantial increases in sales were registered over the previous year.

The consumer preference for permanent-type glycol anti-freeze, such as PEAK, becomes more pronounced each year. This trend again placed us in a position, especially after the outbreak of hostilities in Korea, of being unable to supply the total requirements of all our anti-freeze customers. More PEAK was produced and sold in 1950 but still not in sufficient quantity to meet demands.

Non-permanent types of anti-freeze were highly competitive. A sizable market, however, exists for NOR'WAY (methanol) Anti-Freeze. Methanol, by virtue of its efficiency and low cost, has almost completely replaced ethyl alcohol as an anti-freeze. NOR'WAY sales were higher in 1950 than in the previous year.

Sales of NOR'WAY specialties and other items were also up in dollar volume. These products serve to publicize the brand name, NOR'WAY, through out the year. The market for automotive specialties has increased; the value of these products in protecting the family car was proved during World War II.

A concerted program to expand wholesale distribution of CSC automotive products was completed



in those areas where the greatest sales and profit potentials exist. The total number of jobbers now handling our PEAK and NOR'WAY products has been approximately doubled.

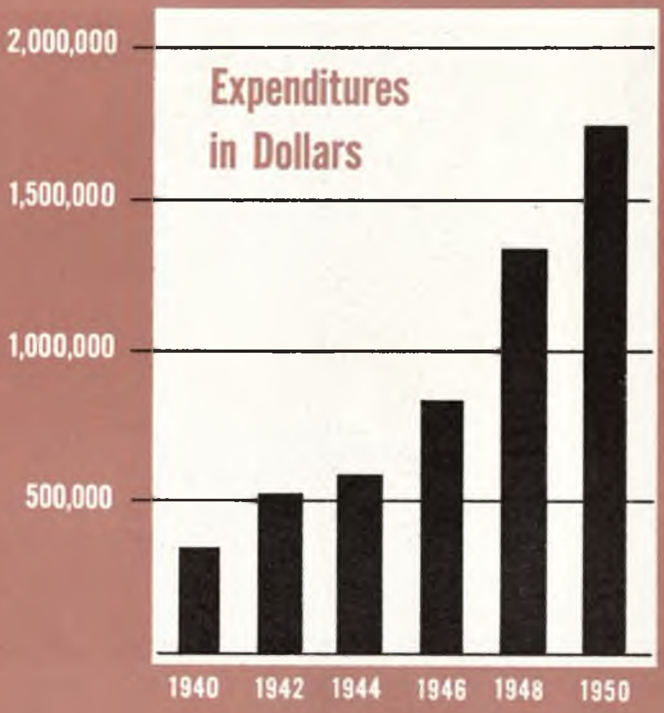
Coincident with expanded distribution has been an improvement in the efficiency and in the product knowledge of each of our salesmen. This has been accomplished by closer field supervision and by an improved system of supplying the sales organization with technical and semi-technical product and sales information as fast as it becomes available. This type of sales training has been extended to the sales organizations of key jobbers by means of sales meetings and individual instruction.

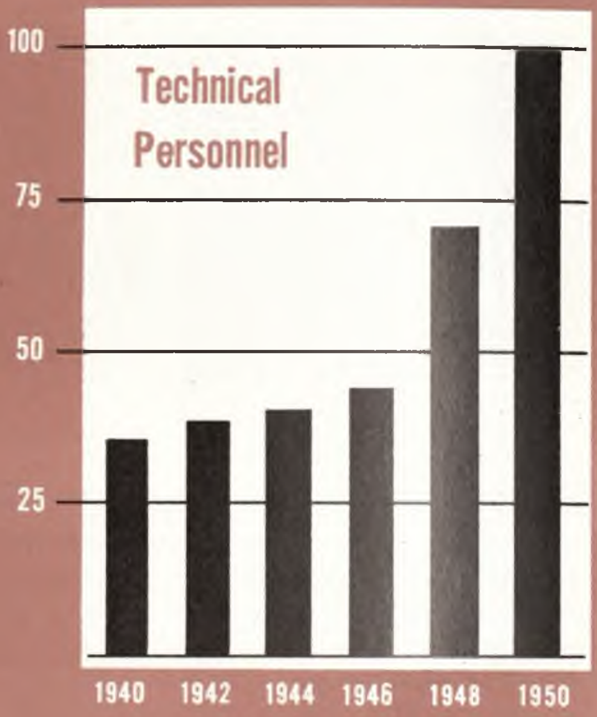
New York's Roosevelt Hospital uses dependable PEAK Anti-Freeze.

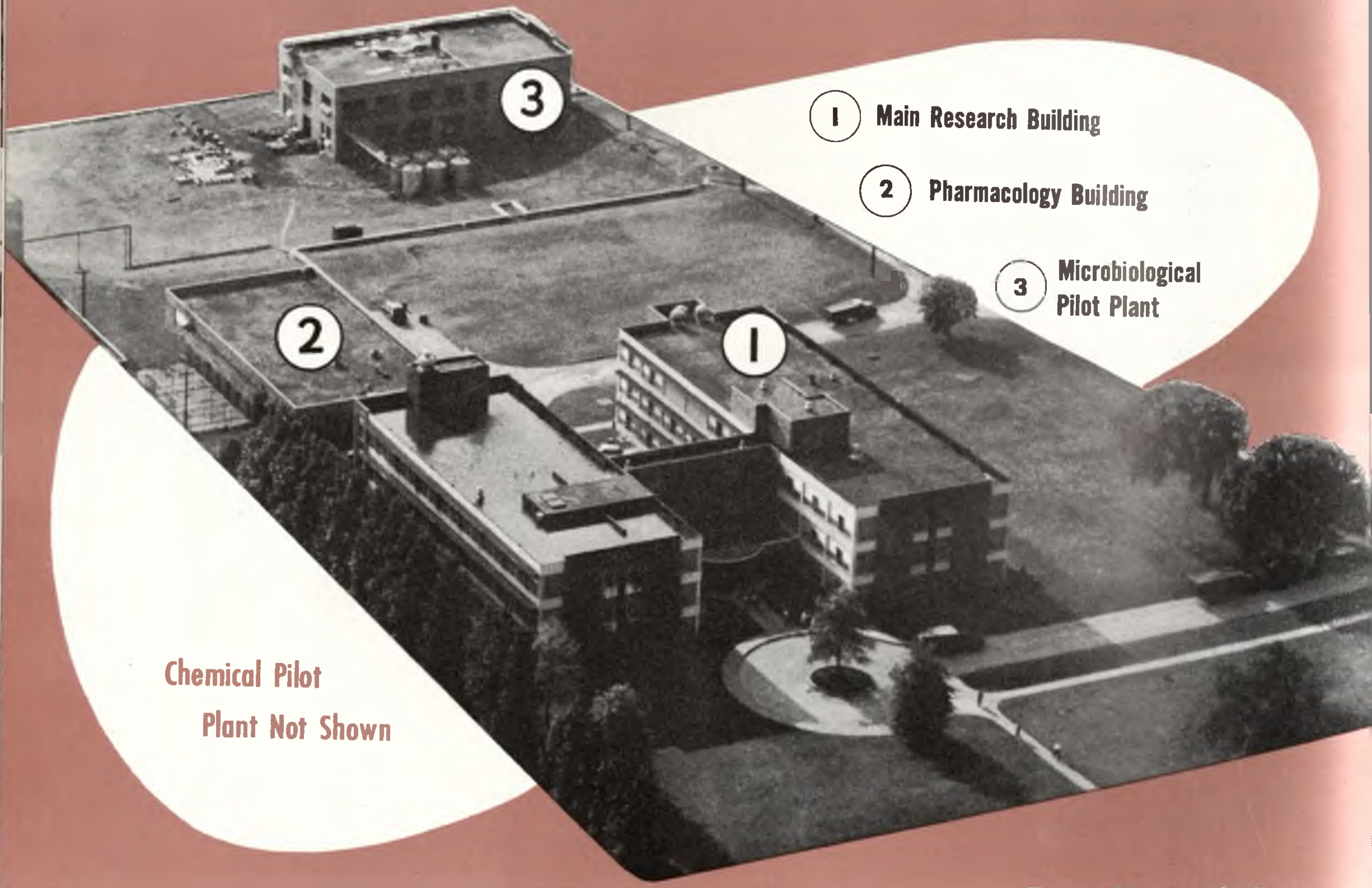
NOR'WAY DRY-EX, mixed with gasoline, prevents stalls due to frozen fuel lines.

The distribution of NOR'WAY and PEAK anti-freezes was considerably expanded during the year.

Research





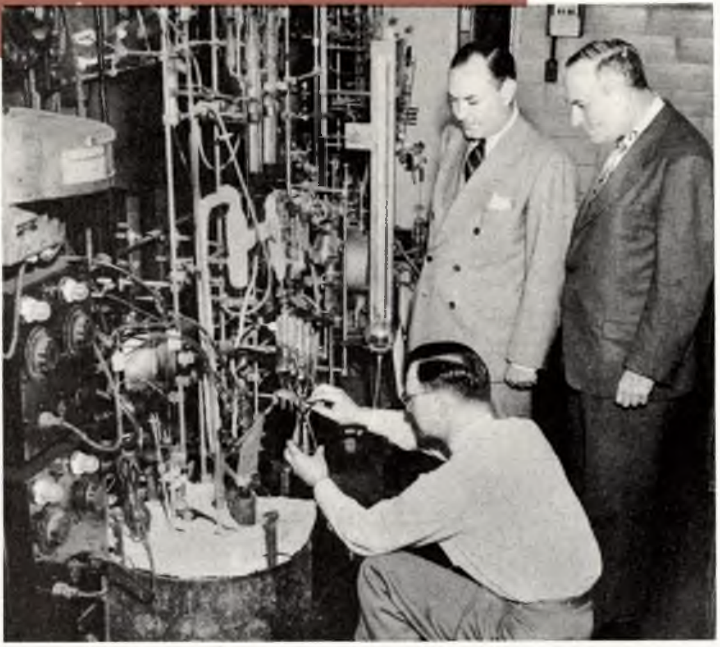


1. Main Research Building
2. Pharmacology Building
3. Microbiological Pilot Plant

Chemical Pilot Plant Not Shown

Terre Haute, Indiana

Research



Gas reactions are observed by Mr. Woods and Mr. Carswell, Vice President in Charge of Research.

Growth of the Research Department continued in 1950, both in number of personnel and in facilities available for research. At the year-end the staff consisted of 99 scientific personnel, with almost twice that number of technical assistants. In addition, two independent research laboratories and six consultants were retained in an advisory capacity.

The Patent Department continued its activities in protecting the Corporation's position in patents, trade-marks, and copyrights. During the year, twenty-six United States Patents and twenty-six foreign patents were issued and assigned to the Corporation; thirty United States Patents and seventeen foreign patents were allowed by the United States Patent Office.

The Research Department was principally active in the fields represented by our four major sales divisions—industrial chemicals, agricultural chemicals, pharmaceuticals, and specialties.

Industrial Chemicals

Production methods for the manufacture of a number of chemicals, such as riboflavin crystals, tributyl phosphate, and pentaerythritol, were improved, resulting in increased yields and products of higher quality.

The study of new uses for methanol derivatives was actively pursued. Details for an improved methylamine process were completed in cooperation with the Production and Engineering Departments. Synthesis of a number of new amines was achieved in the laboratory and the commercial possibilities of these chemicals are being explored. New detergents made from derivatives of some of our amines were produced and their commercial applications are being tested.

Research on the application of solvents in the lacquer and paint industry continued. The study of new plasticizers was initiated during the year, with special emphasis on those products which can be made from the company's own raw materials.

Agricultural Chemicals

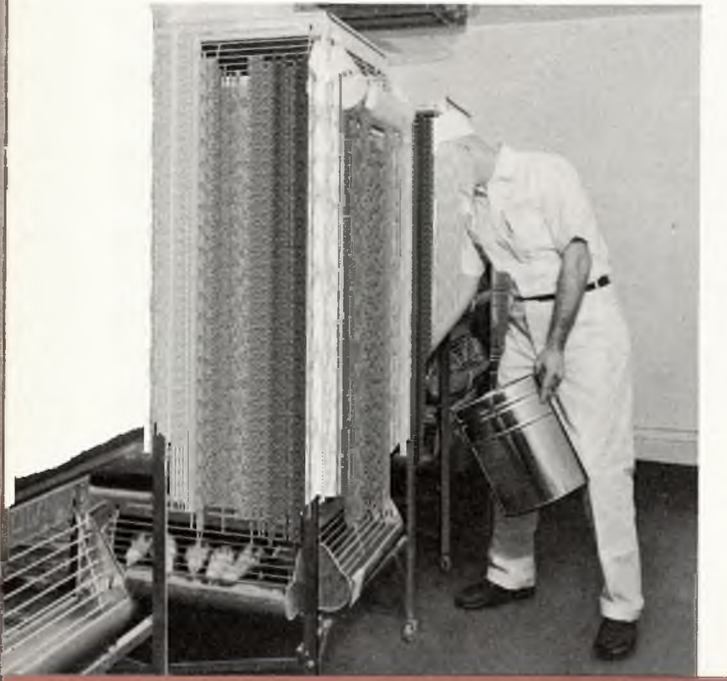
Extensive research in the field and in the laboratory was devoted to CSC's new insecticide Dilan. In order to satisfy Government regulatory bodies, methods were developed for the analysis of this insecticide, both in its chemical form and in the form of spray residues on fruits and vegetables. Members of the research staff appeared at hearings held by Government agencies for the purpose of demonstrating the effectiveness and economic need for new insecticides, such as Dilan.

The Research Department completed a process for the manufacture of Lindane, an insecticide composed of the pure gamma isomer of benzene hexachloride.

The most important phase of investigation in the agricultural field was that on feed supplements to stimulate animal growth. Under the general name of "animal protein factor", or APF, this type of material has been under investigation for the past three years. Two new products were introduced.

The first is a Vitamin B_{12} supplement, marketed under the trade name Proferm. This product contains the animal growth factor in a concentration of approximately 6 micrograms of Vitamin B_{12} equivalent per pound.

The second product is a supplement called Baciferm, which contains the antibiotic bacitracin. It is equal to, or better than, feed supplements containing other antibiotics in its ability to increase feed efficiency and stimulate uniform, fast growth. Baciferm has the advantages of being both nontoxic and stable.



Chicks are fed experimental rations to test the efficiency of new feed supplements.

Pharmaceuticals

In recent years an increasing proportion of the company's efforts has been directed to pharmaceutical research. Because of the preeminent part which Commercial Solvents has always played in the fermentation industry, special attention was paid to antibiotics and other medical products made by fermentation processes.

In addition to investigations conducted within the company's research department, a large amount of experimental and clinical work is being done by recognized hospitals and research centers throughout the country. Supervision of this important phase of pharmaceutical research is carried on by the Medical Department which works in coordination with Research in evaluating medical products by careful clinical testing.

Clinical studies were conducted by grants-in-aid to hospitals, universities, and clinics; by providing technical assistants or fellowships; and by supplying drugs for investigational purposes. During 1950, grants-in-aid were given to 34 hospitals and university clinics which carried on approximately 70 investigational programs. Important clinical information was also received from practicing physicians to whom drugs were supplied for the treatment of individual cases presenting special problems. A number of valuable contributions to the medical literature resulted from these studies.

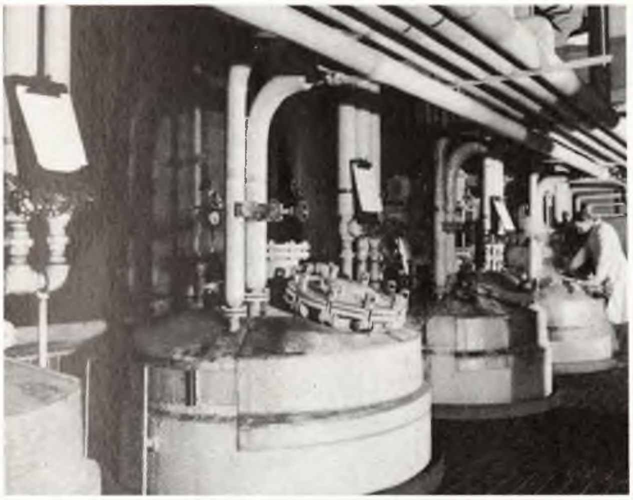
During the year the Research Department continued its active search for new antibiotics. A number of them which were isolated showed promising results in the laboratory; however, on further testing, they were all rejected due to excessive toxicity or failure to protect against disease organisms. This search is continuing and expanding. Methods for improving penicillin yields were demonstrated and are being put into practice.

In the antibiotic field, perhaps the most important achievement of research was the development of a new type of penicillin which appears to be free from the allergic manifestations displayed by those forms now in common medical use. Results attained thus far from eight studies, involving about one thousand cases, indicate that the percentage of allergic reactions to the new product is negligible. This new penicillin can be produced in large quantities at a cost equal to that of procaine penicillin.

A thorough investigation has been made of the new antibiotic neomycin. This product is an excellent therapeutic agent for infections which can be cleared up by a short course of treatment (administered by intramuscular injections), such as certain urinary disorders. A combination of neomycin and bacitracin has proved valuable in ointments for topical use, and in tablets taken orally for the treatment of intestinal infections.

Sufficient quantities of another new antibiotic—prodigiosin—were produced for preliminary screening and clinical testing. Results remain favorable but more clinical work is needed.

Synergism between antibiotics has been extensively investigated and it has been clearly shown that certain combinations of antibiotics are much more effective for treating many infectious diseases than the same antibiotics used alone. Among the new products developed were: Neobacin, a combination of bacitracin and neomycin, which is particularly effective in the treatment of infantile diarrhea and amebiasis; and Penitracin—a mixture of penicillin and bacitracin—which has obtained striking results against the severe heart infections caused by certain bacteria.



2,000-gallon fermenters in the microbiological pilot plant.

Formulating experimental dosage forms of pharmaceuticals.

The following items were developed or reformulated by the Pharmaceutical Research Section and were approved for marketing:

Bi-Pen (combination of procaine penicillin and potassium penicillin G)

Com-Pen Aqueous (procaine penicillin in an aqueous suspension)

Bacitracin Nasal

Bacitracin Ophthalmic Ointment with ¼% phenacaine hydrochloride

Bacitracin Ophthalmic Solution

Bacitracin Troches with Benzocaine

Bacitracin Vaginal Tablets

Inositol (tablets)

Sirnositol (combination of choline gluconate and inositol)

Dextran is being used experimentally for shock and loss of blood.

During the second half of 1950, priority was given to the development of a blood plasma substitute called dextran. Since whole blood cannot be stockpiled and even extensive stockpiling of plasma by the Government may prove inadequate in the event of a major disaster, the production of a blood plasma substitute is of vital concern to the United States. Dextran is used to maintain the blood volume in patients who have suffered loss of blood or who are in shock. A fermentation product of sugar, dextran can be produced in large quantities at reasonable cost through the action of microorganisms. It is stable and can be stored indefinitely. During the past year Commercial Solvents was the only American source of supply for experimental quantities of dextran to the Armed Services and other research investigators in the United States.

Complete production and technical data were developed for the introduction of a new diagnostic aid called Dia-Discs. These are small, compressed tablets, containing two potencies each of the six most important antibiotics in use today. They will be used by hospitals and clinical laboratories to determine the antibiotic of choice for treating specific infections in individual patients.

A formulation of inositol hexanitrate, to be marketed under the trade name Tolanate, was prepared and release of this product to the Sales Department is awaiting completion of clinical details. Tolanate is an effective agent in the treatment of hypertension.

Lipotropic agents for use in combating liver disease and various types of arteriosclerosis have been studied at six different clinics.

Fourteen studies at universities and hospitals are well under way on the therapeutic value of glucuronic acid and its derivatives, particularly in arthritis.

With the belief that the application of engineering principles to microbiological processes has not been thoroughly developed in industry, a group in the biochemical section has been formed to devote special attention to this phase of operations.

Specialties

More precise methods of antifreeze analysis were developed and significant improvements in product control were made. In addition to the work on antifreeze preparations, new and improved formulations of automotive specialty products were developed for Stop Leak, Quick Flush, and Parts Cleaner.

Commercial Solvents Award

A gold medal and one thousand dollars will be awarded annually to an individual or a group working in the Western Hemisphere for outstanding research in the antibiotic field. The Commercial Solvents award will be administered by the Society of American Bacteriologists, with the first award to be presented at the annual meeting of the Society in May 1951.

SOCIETY OF AMERICAN BACTERIOLOGISTS
FOR OUTSTANDING CONTRIBUTION TO FUNDAMENTAL RESEARCH IN THE FIELD OF ANTIBIOTICS

Production

The Production and Quality Control Section improved production efficiency.

The overall production picture was one of considerable improvement in 1950 as compared with 1949. The expanded research program begun two years ago is resulting in the development of new products and more efficient processes.

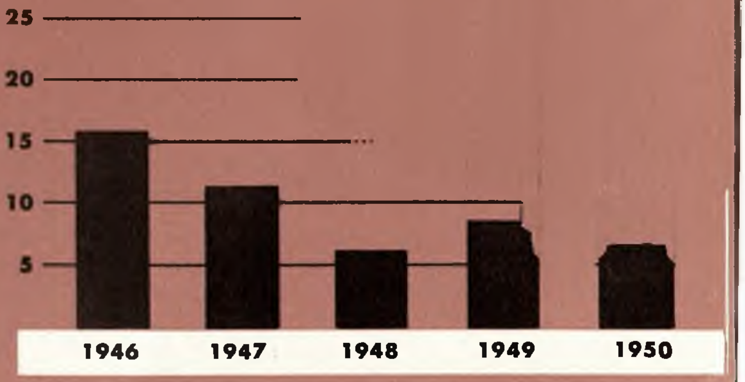
Employee relations were excellent throughout the year at all plants. The very active safety program resulted in a fine safety record for the year. Frequency of accidents was 17% less than 1949 while severity of accidents (measured by day's work lost) was reduced 31% from the 1949 level. Two divisions—Sterlington and Carlstadt—completed the year without any lost-time accidents.

A "Production and Quality Control Section" was recently formed for the purpose of studying and evaluating all phases of finished production and efficiency of existing processes. This group consists of specialists in such fields as chemistry, chemical engineering, bacteriology and business administration. Operations have been improved by the development of statistical control methods. Processes already benefited by these methods are those for the production of penicillin, riboflavin, methanol and ammonia.

The Engineering Division, composed of graduate engineers and draftsmen, is responsible for the design of new plants and alterations to existing units. Working in conjunction with maintenance crews at each plant, the Engineering Division kept facilities in good repair during the year. Large construction jobs were handled with important savings to the company.

Expediters are again at work for the Engineering and Purchasing Divisions as specialized process equipment is difficult to obtain. Operations were not seriously hampered by a lack of materials, although several items were in short supply at the end of the year.

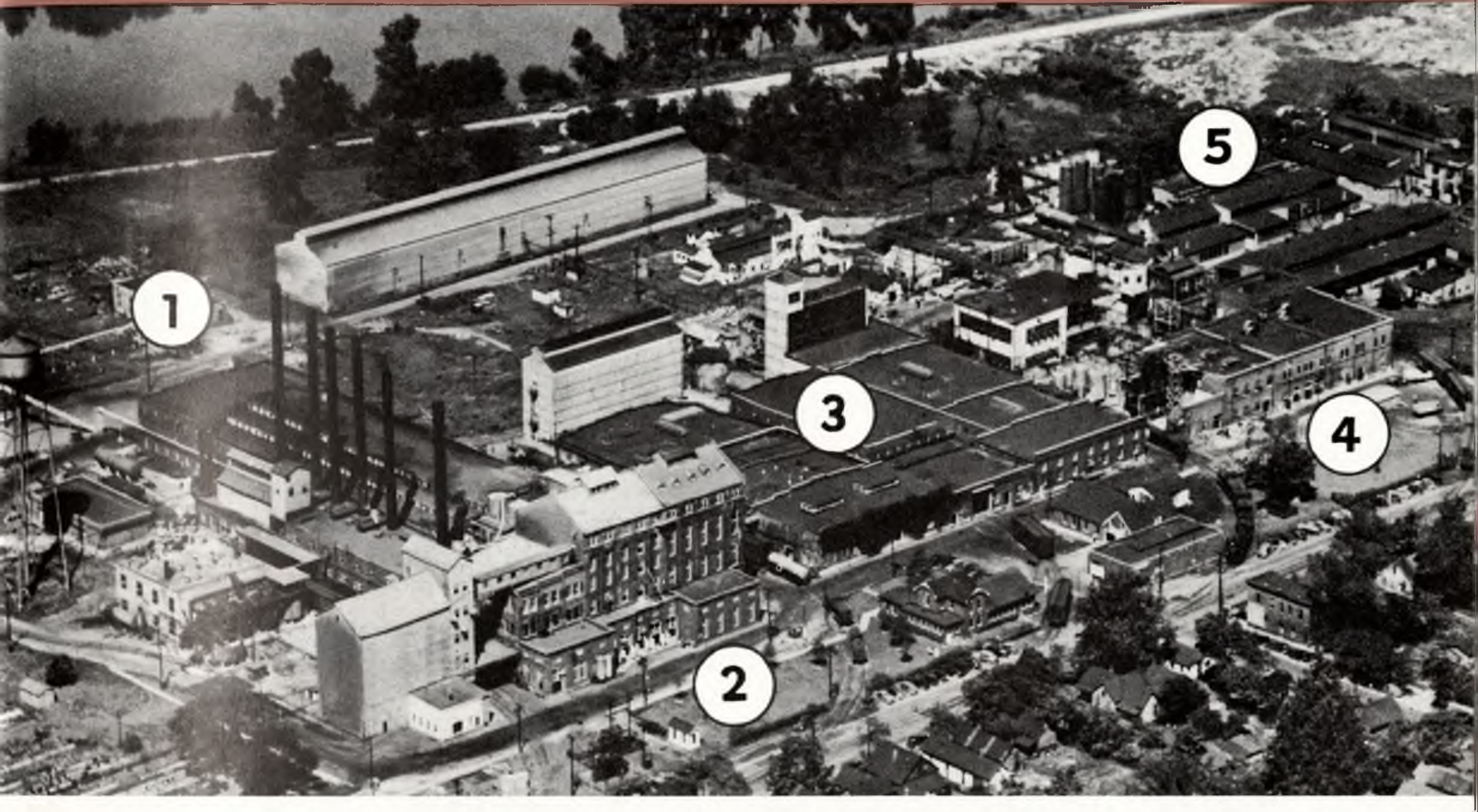
The Traffic Division succeeded in reducing freight charges and improving transportation service. Barge shipment of methanol from Sterlington to New Orleans was inaugurated at the end of 1949. During 1950, the shipment of methanol by tanker from New Orleans (Harvey Plant) to Carteret, New Jersey for distribution on the eastern seaboard was begun. Shipments by water were also made to Chicago. The use of water transportation became an important factor in reducing costs. Increased tankwagon deliveries of solvents from plants and warehouses were made to improve service to customers.



WHERE CSC PRODUCTS ARE MADE

Products by Sales Divisions	Producing Division Terre Haute Ind.	Peoria Ill.	Sterlington La.	Harvey La.	Agnew Calif.	Carlstadt N. J.	Newark N. J.
AGRICULTURAL CHEMICALS							
Anhydrous Ammonia			✓				
Antibiotic Feed Supplements		✓					
Butyl Fermentation Solubles	✓	✓					
Choline Chloride	✓	✓					
Riboflavin Feed Supplements	✓	✓					
Vitamin B_{12} Supplement	✓						
Other Feed Products	✓	✓			✓		
Benzene Hexachloride	✓						
Dilan		✓					
Ethyl Formate					✓		
Metaldehyde					✓		
INDUSTRIAL CHEMICALS							
Ethyl Alcohol (all formulas)	✓			✓	✓		✓
Ethyl Alcohol Derivatives	✓				✓	✓	
Butanol		✓					
Butanol Derivatives	✓	✓					
Methanol			✓				
Methanol Derivatives	✓	✓			✓		
Amyl Alcohol						✓	
Amyl Alcohol Derivatives						✓	
Nitroparaffins & Derivatives	✓	✓					
Nitrocellulose Soluti						✓	
Riboflavin Crystal	✓						
		✓					
Bacitracin—all forms	✓						
Penicillin—all forms	✓						
Choline Gluconate	✓						
Gluco-Mycin	✓						
Kwell Ointment	✓						
Other Pharmaceuticals	✓						
	✓	✓	✓				
	✓						
	✓						
	✓						
	✓						
	✓						
	✓						
	✓		✓				
	✓						
		✓		✓	✓		
	✓						
	✓						

TERRE HAUTE DIVISION



Operation of most units at high levels was maintained throughout the year. Utilities ① were expanded to meet the increased requirements for air, steam, and electricity, but further improvements and modifications will be necessary to meet growing demands.

Production of potable spirits at the Terre Haute Distillery ② more than doubled and during the last half of the year was at capacity. Prospects for maximum operation look promising for 1951.

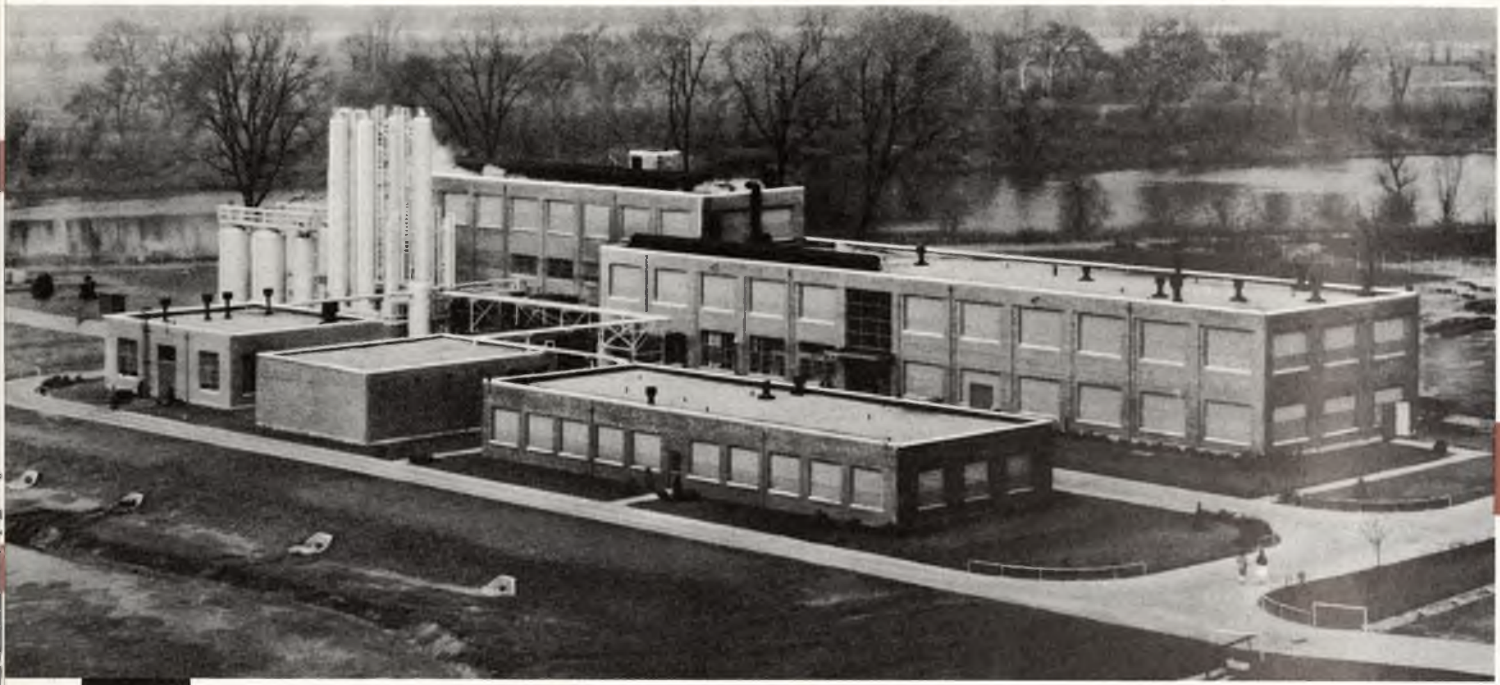
Industrial alcohol operations ③ were generally at good levels and toward the end of the year when the alcohol supply became critical, it was impossible to keep up with orders from regular customers.

The Derivatives plant ④ produces a wide variety of chemicals all derived from the company's basic products, such as butanol, ethyl alcohol, methanol, ammonia and the nitroparaffins. The increased market for methylamines, developed by the Sales Department, necessitated changes and expansion in existing production facilities. As the result of intensive investigation by Research and Production, yields were improved. Production of tributyl phosphate was also increased.

Riboflavin production ⑤ was characterized by increased volume and decreased costs. Improvements, both in the riboflavin crystal process and the animal feed supplements process, helped to offset the increased cost of raw materials.

TERRE HAUTE DIVISION

(Continued)



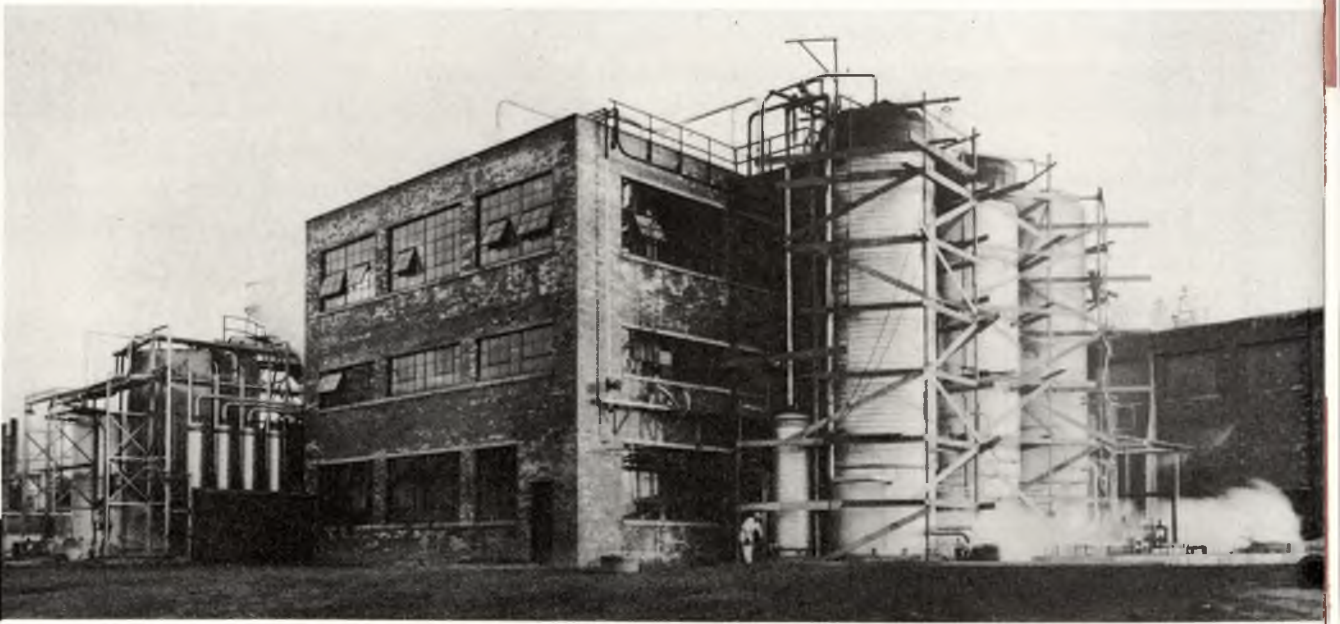
6

The penicillin plant 6 ran at capacity levels. Plant changes are now under way to improve yields which should increase output and lower production costs.

Because of the assurance of continuing demand, a new antibiotic plant 7 was begun last June. The original plan called for the construction of three fermenters as shown in the photograph. However, due to expanding defense requirements, three more will be added, making six in all. This plant will be the first fully-automatic antibiotic production unit in the world. It is estimated that this unit will be in operation by May, 1951.

Expanded facilities will increase production many times, lower unit costs, and give flexibility in the production of penicillin and bacitracin, as well as other antibiotics made by bacteriological processes.

Additional equipment for blending, filling and tableting was installed to make all types of pharmaceutical dosage forms.



7

Production of Benzene Hexachloride was limited by availability of raw materials. During the year production facilities were expanded which increased capacity by 50 per cent and reduced operating costs. The Lindane Plant, authorized for construction, has been delayed due to high building costs and the shortage of raw materials.

8

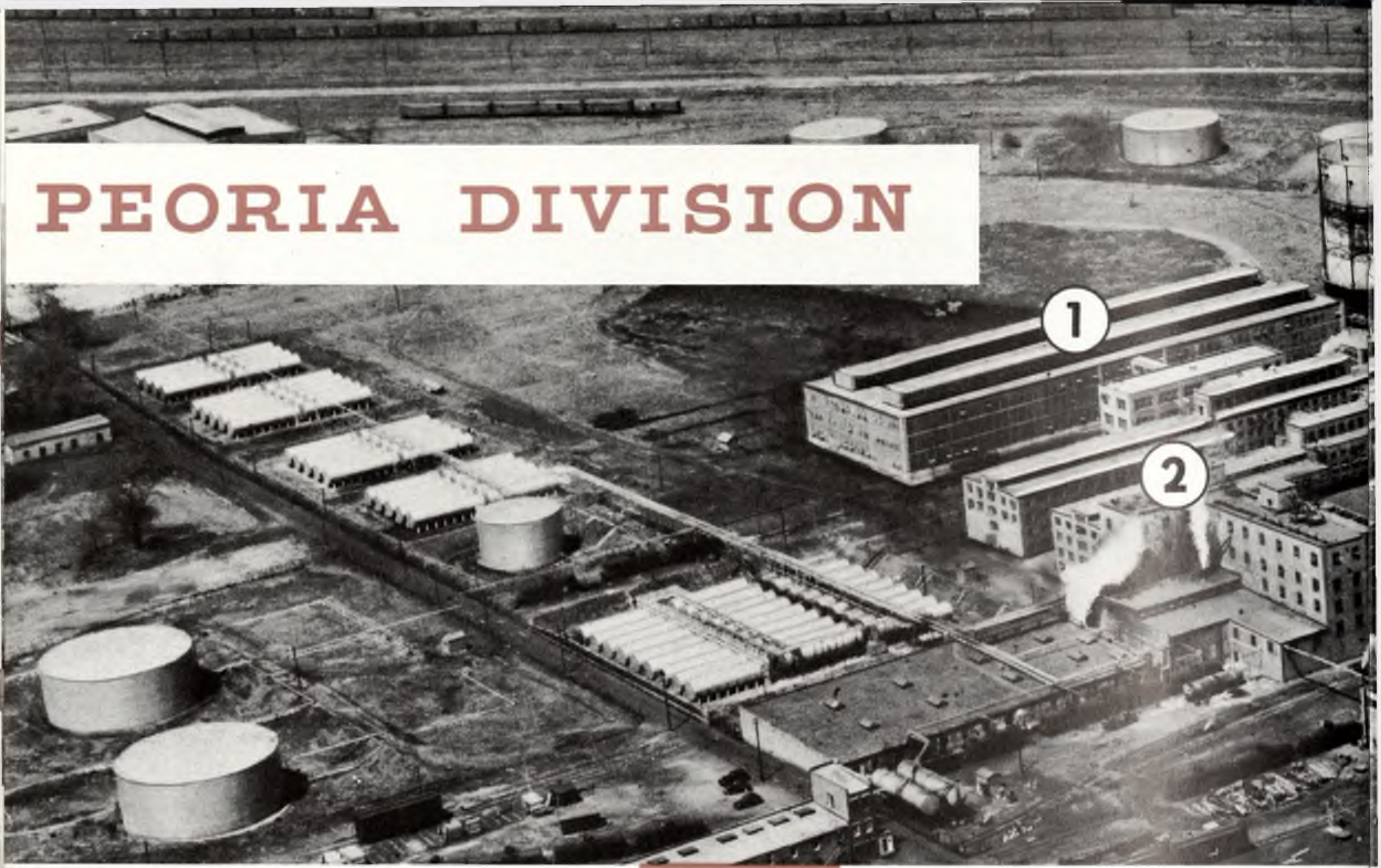
Whiskey rackhouse facilities were in demand during the year with business extremely active. Capacity is 300,000 barrels or 15,000,000 gallons. A continued high level is expected during 1951.

9

Greater demand for antifreeze kept the Specialties Packaging Plant operating most of the year, and the seasonal rush normally experienced in the industry did not occur. Increased requirements for Nor'way Anti-Freeze were met without difficulty but packaging of PEAK Anti-Freeze was limited by the availability of ethylene glycol.

10

PEORIA DIVISION

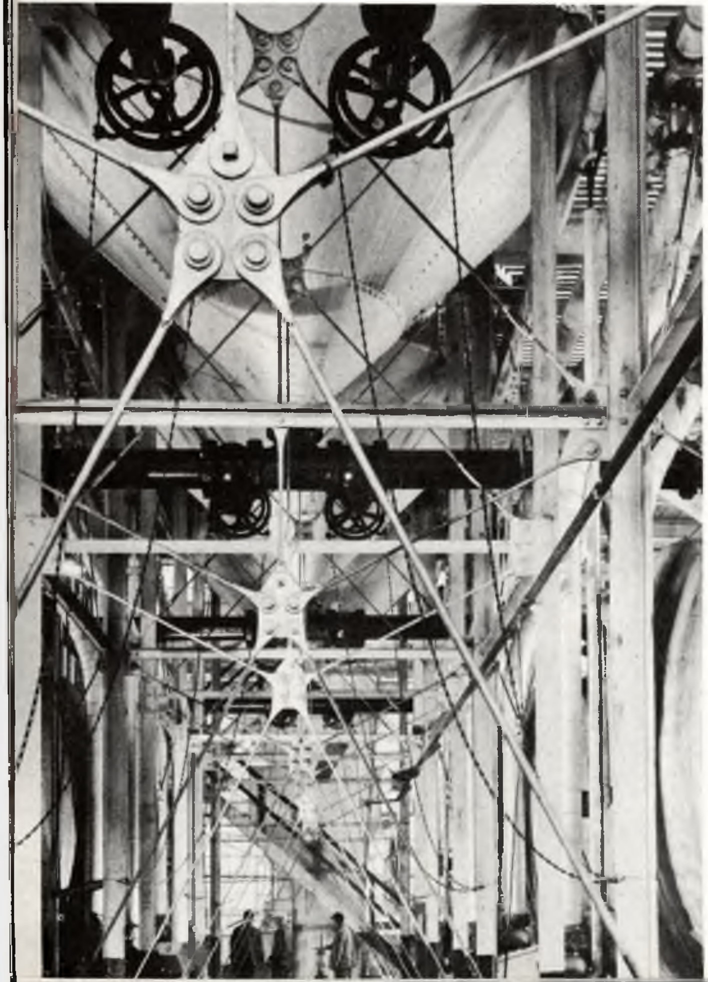


The level of operations at the Peoria, Illinois Division greatly improved during 1950, and at the year's end, most units were producing at near capacity levels. This increased activity was due both to a stimulated demand for old products and additional facilities provided to make new products. New construction, modifications and repairs were largely handled by plant personnel.

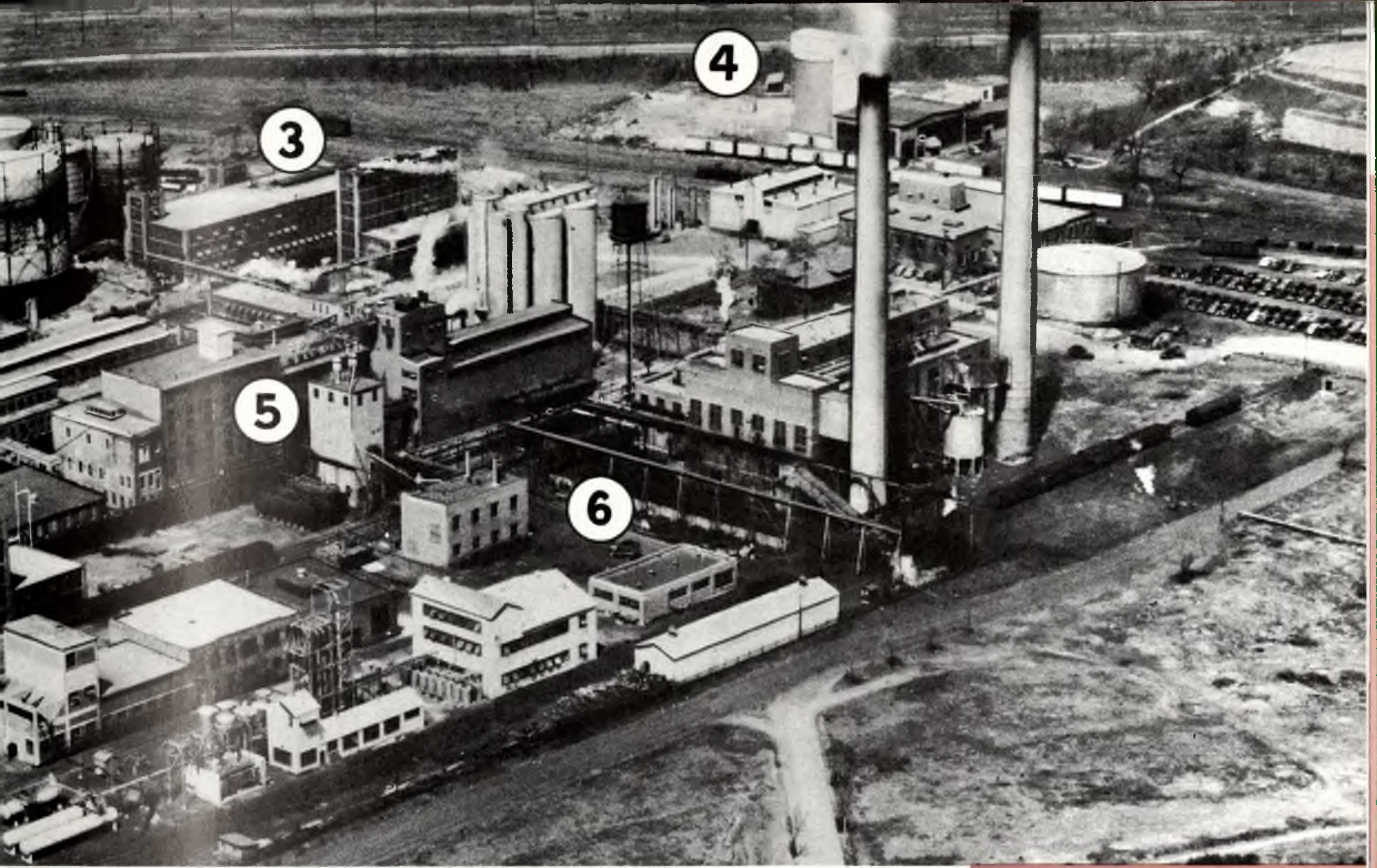
The Butanol plant ① had not operated at capacity for several years, due to the high cost of raw materials—corn and/or molasses—but demand during the last half of the year made it possible to attain full production.

Fermentation of grain ethyl alcohol ② was started last fall. This was the first production of this material at Peoria since before World War II. Distillers dried grains and corn oil are produced as by-products.

Operation of both the Ester and Acetic Acid Plants ③ was restricted to some extent by the scarcity of raw materials. This situation has improved and



A battery of 50,000-gallon fermenters.



a high level of production is expected in 1951.

The "Dry Ice" Plant ④ utilizes carbon dioxide gas from the fermentation processes. Twenty-nine million pounds of "Dry Ice" were produced in 1950.

The B·Y Riboflavin Feed Supplements Plants ⑤ operated satisfactorily and inventories at the close of 1950 were lower than for the previous year.

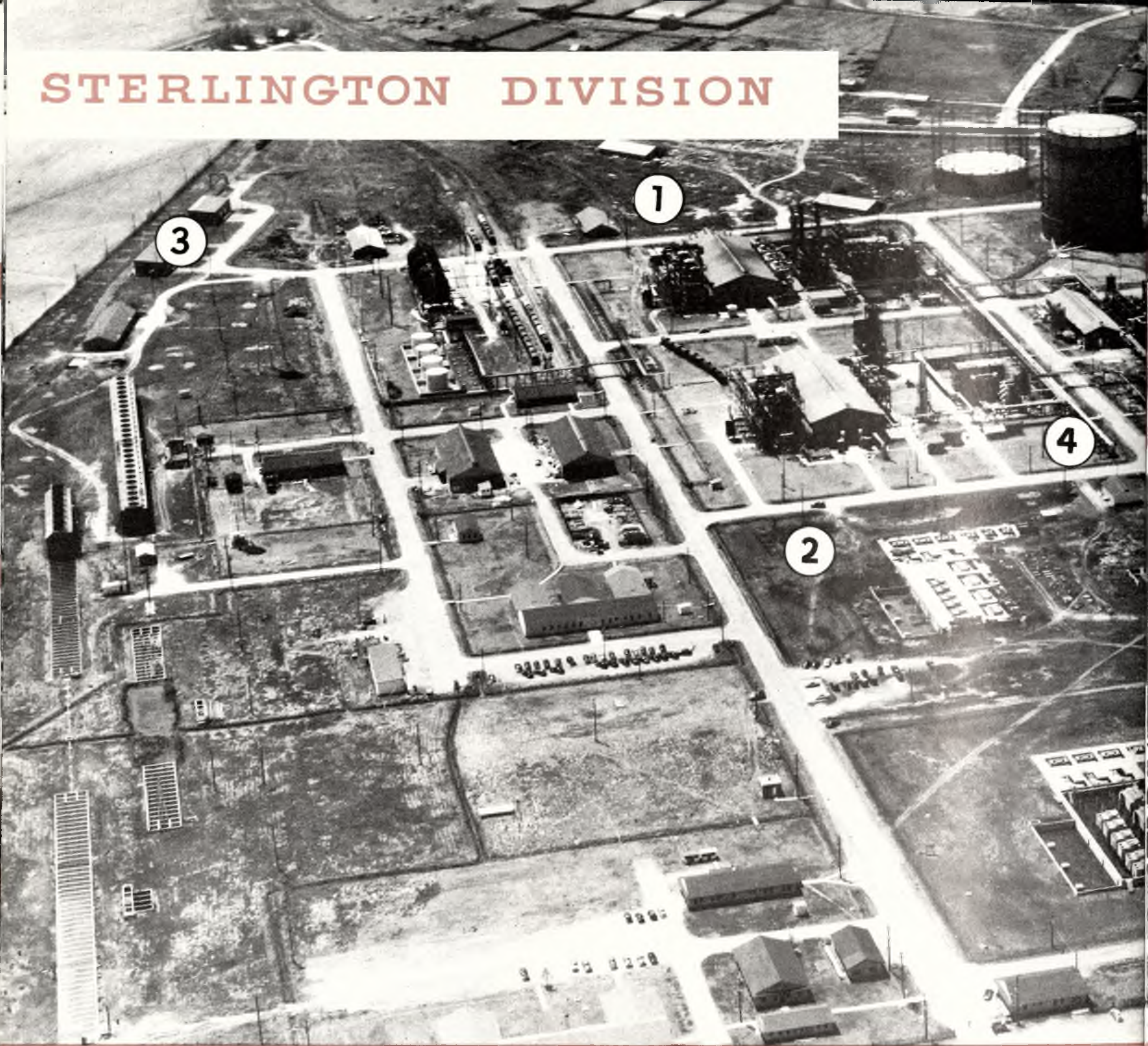
A small section of the Butanol Plant was rebuilt to provide for the aerobic fermentation of a new antibiotic animal feed supplement (bacitracin) sold under the trade name Baciferm. Another section was modified to produce a Vitamin B_{12} supplement which will be marketed under the trade name Proferm. Commercial production of these products began in December.

Nitroparaffin production ⑥ was about 25 per cent greater than in 1949 due to process improvements. Benefits of more efficient production were passed along to customers through price reductions. Demand for aminohydroxy and hydroxylammonium nitroparaffin derivatives increased during the year. Dilan, made from the nitroparaffins, is a new insecticide which will be produced in 1951.

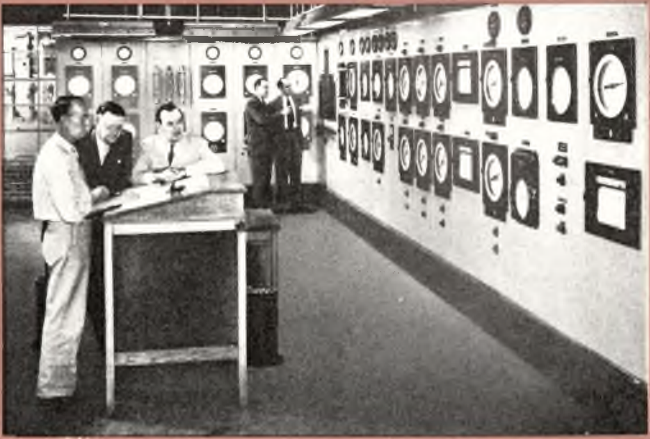
Shipping "DRY-ICE."

Section of NP plant.

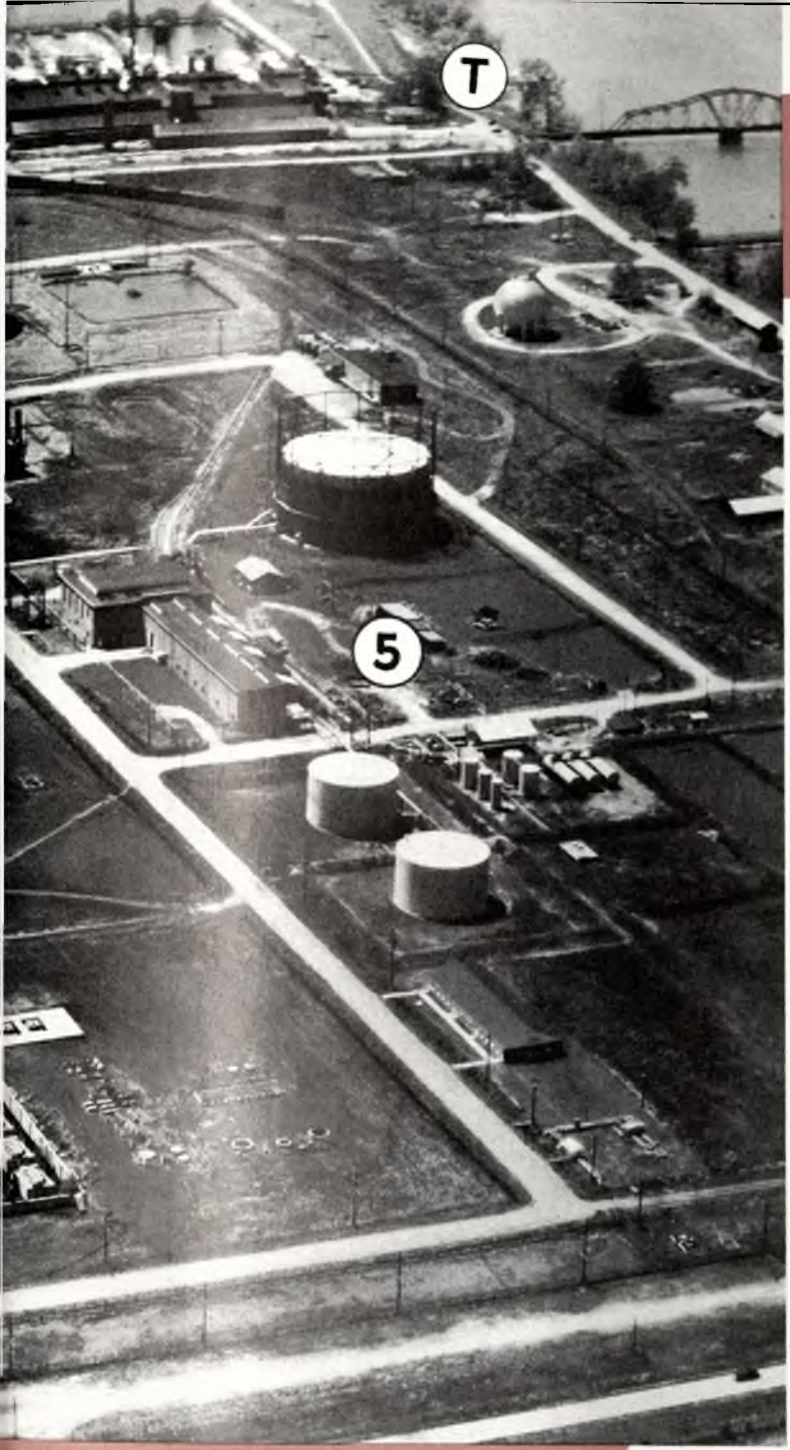
STERLINGTON DIVISION



Low pressure ammonia compressors.



Methanol control panel.



Located at Sterlington, La. near Monroe is Thermatomic Carbon Company Ⓣ, an affiliate of Commercial Solvents Corporation which produces carbon black from natural gas.

In 1942 the War Department asked CSC to build and operate an ammonia plant using natural gas as the raw material. The site selected was adjacent to Thermatomic. This plant was purchased from the Government in 1946 and is referred to as the Dixie Chemical Plant. Both Dixie and Thermatomic operated at capacity throughout 1950.

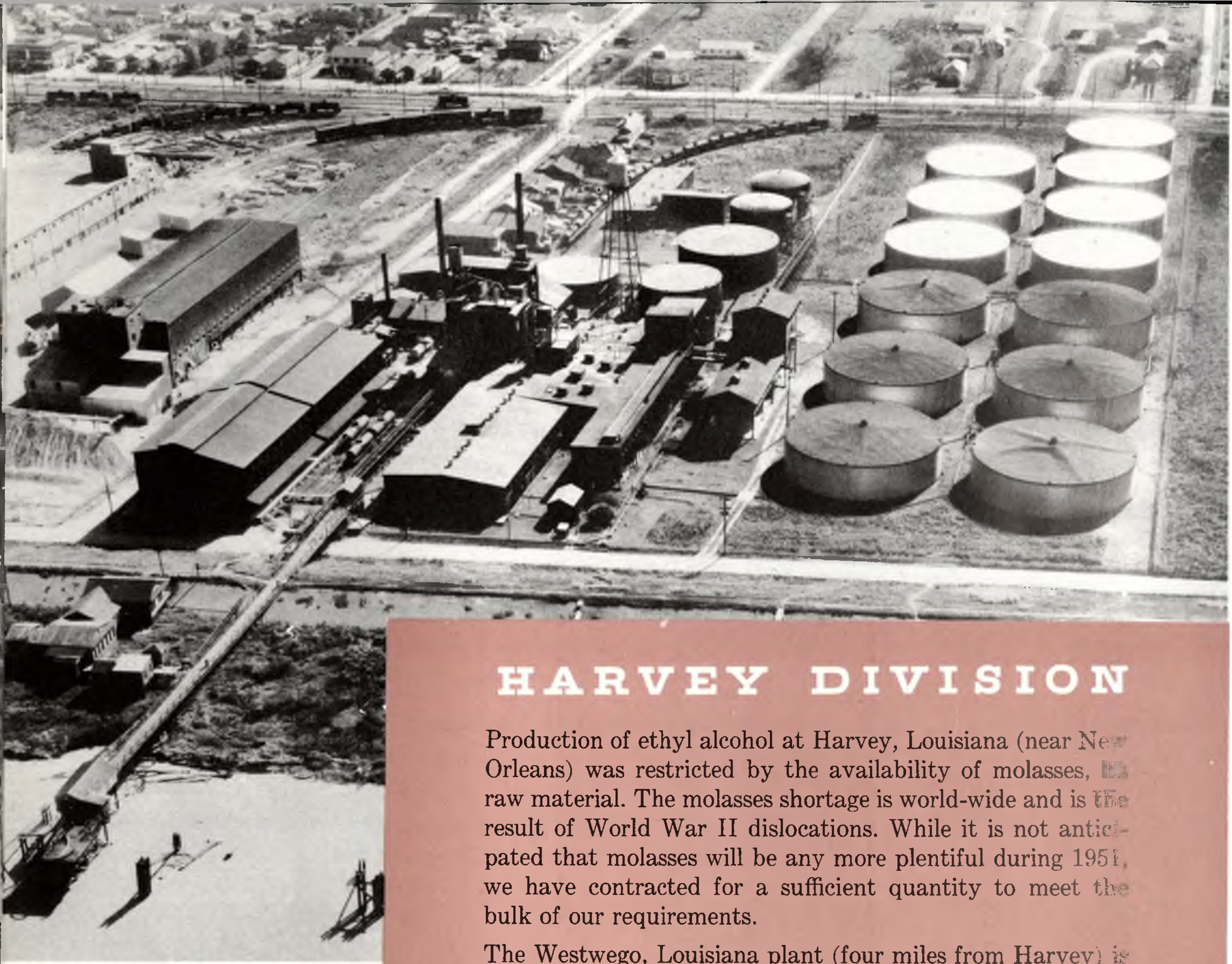
Process improvements have steadily increased the output of the Ammonia Plant ① beyond the 150 tons per day capacity for which it was designed. The quantity of natural gas required to make ammonia has also been reduced.

In order to better serve the fertilizer industry, a project was approved in June to construct a plant to produce nitrogen solutions which will increase the adaptability of the ammonia operation to seasonal variations. Initially, it was planned to construct this plant utilizing government surplus equipment, but the outbreak of the Korean War made it necessary to obtain equipment from other sources. A nitric acid plant will be built on the site indicated by ② ; location of the plant to make solutions is shown by ③ It is estimated that nitrogen solutions will be available by May, 1951.

The Methanol Plant ④ began operation in the Spring of 1948. Process refinements have increased the output so that production was greater in 1950 than in 1949. These changes not only increased capacity but improved the quality of the finished product. Maximum efficiency and control of the process are assured through the use of the latest type of instruments.

Facilities for compounding and packaging both NOR'WAY and PEAK anti-freeze ⑤ were completed in 1948. These facilities, together with similar ones at the Terre Haute Plant, have made it possible to better handle the increased requirements of our customers and also effect savings in transportation costs.

Anti-freeze packaging line.



HARVEY DIVISION

Production of ethyl alcohol at Harvey, Louisiana (near New Orleans) was restricted by the availability of molasses, its raw material. The molasses shortage is world-wide and is the result of World War II dislocations. While it is not anticipated that molasses will be any more plentiful during 1951, we have contracted for a sufficient quantity to meet the bulk of our requirements.

The Westwego, Louisiana plant (four miles from Harvey) is a standby unit and remained idle during the year. It is operated only when there is sufficient demand for ethyl alcohol, and molasses can be obtained to operate the plant.

The Harvey plant (above) and Westwego plant (right), both on the Mississippi River. Molasses is brought direct from the West Indies to the plant docks without intermediate handling.

AGNEW DIVISION

The Agnew, California plant, in the Santa Clara Valley near San Francisco, operated very successfully during the year. This unit is well situated to supply the West Coast's industrial alcohol requirements. Customer demands were met throughout the year, even though molasses was extremely short.

Production of formaldehyde was increased. Work was completed on a pentaerythritol pilot plant which operated at capacity. Two insecticides, ethyl formate and metaldehyde, were also produced in substantial quantities.

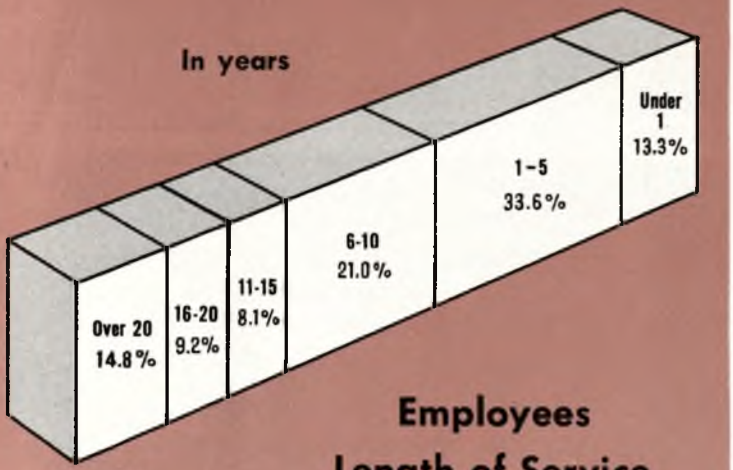
CARLSTADT DIVISION

Operations at the Carlstadt, New Jersey plant were hampered by raw material shortages. The supply of cotton linters was especially limited and raw material price increases were frequent. Despite raw material shortages and higher costs, the nitrocellulose solutions business was well ahead of last year. Solvents and chemicals for the East Coast are distributed from Carlstadt.

NEWARK DIVISION

Facilities at Newark, New Jersey have been expanded to provide equipment for denaturing alcohol. Newark also has ample warehouse facilities and is the main East Coast distribution point for industrial alcohol, pharmaceuticals, animal feed supplements, anti-freeze and automotive specialties.

Employees



Employees Length of Service

Annual dinner honors 20-Year Club.

The company completed another year of very satisfactory labor relations. Worker efficiency continued to be excellent and the low accident rate reflects the acceptance of individual responsibility for proper planning and execution of each job.

The number of employees increased 134 to a total of 2,405. Of these, approximately one-third have been with the company over ten years, and almost 15% have over twenty years' service.

For many years the company has recognized the necessity of assisting employees in providing security for themselves and their families in case of illness or death, together with provision for retirement income in later years. In 1935, the company established a group life insurance plan for all employees paid entirely by the company. At the close of the year, $398,000 had been paid out in claims to 162 employees. A group sickness, accident and hospitalization plan was inaugurated in 1946, the cost of which is shared by the company and its employees. This plan is being broadened in 1951 to increase the accident and sick benefits for employees, surgical benefits for dependents and provide poliomyelitis benefits for all.

The FORTUNE Survey on Terre Haute, Indiana, conducted by Elmo Roper, appeared in the March 1950 issue of FORTUNE Magazine

Why Do People Like One Company and Dislike Another?

To find out what makes a company a welcome or unwelcome citizen, FORTUNE went to Terre Haute, Indiana, and asked how the people felt about the ten leading industrial companies and why they felt as they did. The survey showed Commercial Solvents Corporation to be "the 'best' company in Terre Haute" and the one which "did the most for the town."

"What makes a company a welcome citizen of the city or town in which it operates? Clearly it is not all a question of wages, nor is it so much a matter of community service. While a company certainly cannot shirk its community tasks, it must first make its mark as a good employer if it is to enjoy good community relations. Commercial Solvents has done this by paying good wages, by keeping management accessible to the workers so that grievances don't fester, union or no union, and, above all, by being an expanding, going concern that provides opportunities for jobs and advancement—and letting everybody know it."

Sterlington baseball team.

A pension program was established in 1940 for all employees. At the year-end, 42 former employees were enjoying retirement income under this program.

At the end of 1950, Commercial Solvents had contributed to these plans over 2½ million dollars; the employees' share amounted to less than one-quarter of this amount. The company believes it sound policy to compensate its employees through these methods which were undertaken voluntarily. All plans are periodically reviewed and every attempt is made to improve the coverage consistent with the company's ability to pay its share of the cost.

A policy for employees entering the Armed Forces was established in 1950. Reemployment rights, vacation pay, and one month's compensation are among the benefits included. The company will pay all premiums to protect dependents under the group sickness, accident and hospitalization plan, and all premiums under the pension program while employees are on military leave of absence.

Other phases of the employee relations program include one to three-week paid vacations based upon length of service, active encouragement of team sports and social activities, and provision for recreational facilities. Employees are continually informed of the progress and policies of the organization through several company publications.

Terre Haute Plant annual picnic.

Christmas party for families.

Terre Haute girls have own style show.

MANAGEMENT

Left to right: Messrs. Carswell, Hamilton, Braun, Walker, Woods, Sanders, Wheeler, Henry, and Bergen.

OFFICERS

THEODORE P. WALKER, *Chairman, Board of Directors*
J. ALBERT WOODS, *President*
THOMAS S. CARSWELL, *Vice President in charge of Research*
ABBOTT K. HAMILTON, *Vice President*
HAROLD J. HENRY, *Vice President in charge of Sales*
HOWARD L. SANDERS, *Vice President and Treasurer*
MAYNARD C. WHEELER, *Vice President in charge of Production*
ALEXANDER R. BERGEN, *Secretary*
ANTHONY H. BRAUN, *Controller*

MANAGEMENT IN THE FIELD

The management maintains personal contact with production, research, and sales activities, making frequent inspection trips. Here, Mr. Woods, Mr. Wheeler, and Mr. Hamilton tour the Sterlington plant where the new nitrogen solutions unit is to be located.

DIRECTORS

THEODORE P. WALKER
Chairman
Board of Directors

J. ALBERT WOODS
President

MAYNARD C. WHEELER
Vice President

WILLIS H. BOOTH
Member of Executive and
Finance Committee
International Business
Machines Corp.

CLEMENT R. FORD
Farmer

WILLIAM E. S. GRISWOLD, SR.
Director and Member of
Executive Committee
W. & J. Sloane

AUSTIN S. IGLEHEART
President
General Foods Corporation

HAROLD H. HELM
President
Chemical Bank and Trust Co.

ARTHUR B. LAWRENCE
Senior Partner
F. S. Smithers & Co.

LEROY A. LINCOLN
Chairman of the Board
Metropolitan Life
Insurance Company

CARL S. MINER
Director
Miner Laboratories

GEORGE M. MOFFETT
Chairman of the Board
Corn Products Refining Co.

PHILIP G. MUMFORD
Chairman of the Board
American Machine and
Metals, Inc.

HENRY V. B. SMITH
Partner
H. J. Baker & Bro.

CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 1950

CURRENT ASSETS:		
Cash		$ 3,894,645
U. S. Government securities, at cost, which approximates market		150,000
Accounts receivable (less reserve of $325,528 for doubtful accounts)		8,025,678
Inventories of raw materials, goods in process and finished products, at the lower of cost or market		10,189,138
Total Current Assets		$22,259,461
DEDUCT CURRENT LIABILITIES:		
Accounts payable	$ 2,569,726	
Accrued Federal taxes on income	3,703,390	
Other accrued taxes and expenses	530,968	
Total Current Liabilities		6,804,084
NET CURRENT ASSETS		$15,455,377
NON-CURRENT ACCOUNT RECEIVABLE, Due 1952 through 1956		1,200,000
INVESTMENT IN THERMATOMIC CARBON COMPANY (controlled company not consolidated), at cost, less reserve		166,972
PROPERTY:		
Land, buildings and equipment, at cost	$34,101,564	
Less reserves for depreciation, amortization and obsolescence	16,129,608	17,971,956
GOODWILL AND PATENTS		1
DEFERRED CHARGES (Prepaid insurance, supplies inventory, etc.)		1,916,226
TOTAL ASSETS LESS CURRENT LIABILITIES		$36,710,532
DEDUCT:		
Reserves for contingencies and miscellaneous	$ 674,021	
Deferred income	1,500,000	2,174,021
NET ASSETS		$34,536,511
SOURCE OF NET ASSETS:		
Common stock—no par value: Authorized—3,000,000 shares Issued —2,636,878 shares		$ 6,593,452
Capital surplus (no change during year)		4,325,514
Earnings employed in the business at end of year		23,617,545
		$34,536,511

CORPORATION

CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1950

Sales—net		$44,991,376
Other operating net income		180,693
		$45,172,069
Cost of sales and expenses		37,985,052
Earnings from operations (after depreciation provision of $1,420,266)		$ 7,187,017
Dividends and other income received from Thermatomic Carbon Company	$469,690	
Profit on sale of investments	404,042	
Miscellaneous income—net	424,754	1,298,486
Earnings before Federal taxes on income		$ 8,485,503
Provision for Federal taxes on income (including excess profits tax of $16,700— payable by subsidiaries)		3,307,900
Net earnings for year ($1.96 per share)		$ 5,177,603
Add earnings of prior years employed in the business		21,736,039
		$26,913,642
Deduct dividends of $1.25 per share paid during year		3,296,097
Earnings employed in the business at end of year		$23,617,545

NOTES TO FINANCIAL STATEMENTS

The Corporation's 65.3% equity in the net assets of Thermatomic Carbon Company exceeds the net value at which the investment is carried by $852,803. The excess of the Corporation's equity in 1950 earnings of said company over dividends received during the year amounted to $114,749.

On November 16, 1950 the Corporation granted to seven key executive employees options to purchase an aggregate of 50,000 shares of its authorized but unissued common stock at a price of $21 per share. The options are exercisable at any time on or before December 31, 1957. At December 31, 1950 none of the options had been exercised.

Suits are pending against the Corporation but since it is impossible to forecast the ultimate liability, if any, that may arise under such suits, no provision therefor has been made in the accounts.

The Corporation has filed claims under Section 721 of the Internal Revenue Code for refund of a portion of the excess profits taxes paid for the years 1940 through 1943. The Bureau of Internal Revenue, subject to further review, has notified the Corporation of a partial allowance of these claims. Since final settlement thereof has not been made, the financial statements give no effect thereto.

ARTHUR YOUNG & COMPANY
ACCOUNTANTS AND AUDITORS
165 BROADWAY
NEW YORK 6, N. Y.

To the Board of Directors of
Commercial Solvents
Corporation:

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1950 and the related statement of consolidated earnings and summary of earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings employed in the business present fairly the financial position of Commercial Solvents Corporation and subsidiaries at December 31, 1950 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

New York, N. Y.
February 15, 1951

COMMERCIAL SOLVENTS CORPORATION

CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31 EACH YEAR

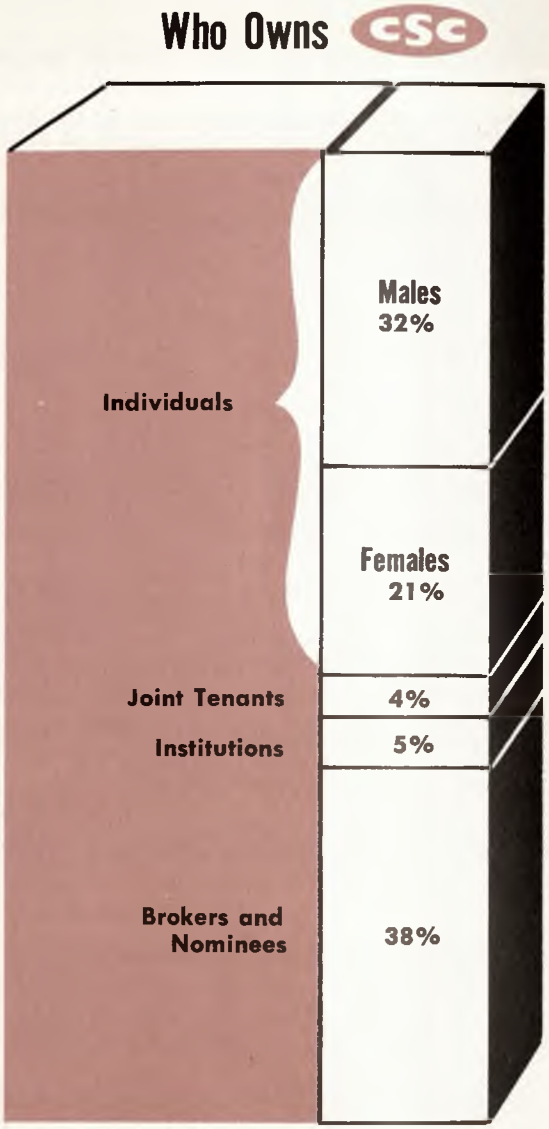
	1950	1949	1948	1947	1946
Cash	$ 3,894,645	$ 4,523,624	$ 4,213,177	$ 7,346,049	$ 4,532,063
U. S. Government securities	150,000	150,000	1,166,981	1,169,100	1,682,371
Accounts receivable less reserve	8,025,678	3,662,593	4,228,460	5,488,391	6,485,489
Inventories	10,189,138	8,737,674	7,442,402	6,465,416	6,238,496
Current assets	$22,259,461	$17,073,891	$17,051,020	$20,468,956	$18,938,419
Deduct current liabilities	6,804,084	3,577,112	3,891,851	5,264,635	4,229,574
Net current assets	$15,455,377	$13,496,779	$13,159,169	$15,204,321	$14,708,845
Non-current account receivable	1,200,000	1,500,000	1,800,000	—	—
Investments and other assets	166,973	448,712	1,237,016	1,237,016	1,171,555
Land, buildings and equipment	34,101,564	32,624,485	31,531,032	26,709,483	22,378,221
Less reserves for depreciation, amortization and obsolescence	16,129,608	14,789,036	13,898,367	12,861,231	12,233,052
	$17,971,956	$17,835,449	$17,632,665	$13,848,252	$10,145,169
Deferred charges	$ 1,916,226	$ 1,829,230	$ 2,160,867	$ 2,000,086	$ 1,318,263
Total assets less current liabilities	$36,710,532	$35,110,170	$35,989,717	$32,289,675	$27,343,832
Deduct:					
Reserves for contingencies and miscellaneous	674,021	655,165	643,926	631,683	642,756
Deferred income	1,500,000	1,800,000	2,100,000	—	—
Net assets	$34,536,511	$32,655,005	$33,245,791	$31,657,992	$26,701,076
Source of net assets:					
Common stock	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452	$ 6,593,452
Capital surplus	4,325,514	4,325,514	4,325,514	4,325,514	4,325,514
Earnings employed in the business at end of year	23,617,545	21,736,039	22,326,825	20,739,026	15,782,110
	$34,536,511	$32,655,005	$33,245,791	$31,657,992	$26,701,076

CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE CALENDAR YEARS

	1950	1949	1948	1947	1946
Sales—net	**$44,991,376**	$33,347,682	$41,533,864	$54,915,983	$41,874,998
Other operating net income	**180,693**	122,642	30,642	65,299	*17,178*
	$45,172,069	$33,470,324	$41,564,506	$54,981,282	$41,857,820
Cost of sales and expenses	**37,985,052**	29,744,277	34,315,980	41,557,552	33,436,322
Earnings from operations	**$ 7,187,017**	$ 3,726,047	$ 7,248,526	$13,423,730	$ 8,421,498
Dividends and other income—net	**1,298,486**	1,198,003	1,293,711	879,300	610,981
Earnings before Federal taxes on income	**$ 8,485,503**	$ 4,924,050	$ 8,542,237	$14,303,030	$ 9,032,479
Provision for Federal taxes on income	**3,307,900**	1,559,400	2,999,000	5,234,600	3,312,700
Net earnings	**$ 5,177,603**	$ 3,364,650	$ 5,543,237	$ 9,068,430	$ 5,719,779
Add earnings of prior years employed in the business	**21,736,039**	22,326,825	20,739,026	15,782,110	12,699,209
	$26,913,642	$25,691,475	$26,282,263	$24,850,540	$18,418,988
Deduct dividends paid	**3,296,097**	3,955,436	3,955,438	3,955,378	2,636,878
Deduct charges to earnings employed (net)	—	—	—	156,136	—
Earnings employed in the business at end of year	**$23,617,545**	$21,736,039	$22,326,825	$20,739,026	$15,782,110

	1950	1949	1948	1947	1946
Net earnings per share	**$ 1.96**	$ 1.28	$ 2.10	$ 3.44	$ 2.17
Dividends paid per share	**$ 1.25**	$ 1.50	$ 1.50	$ 1.50	$ 1.00

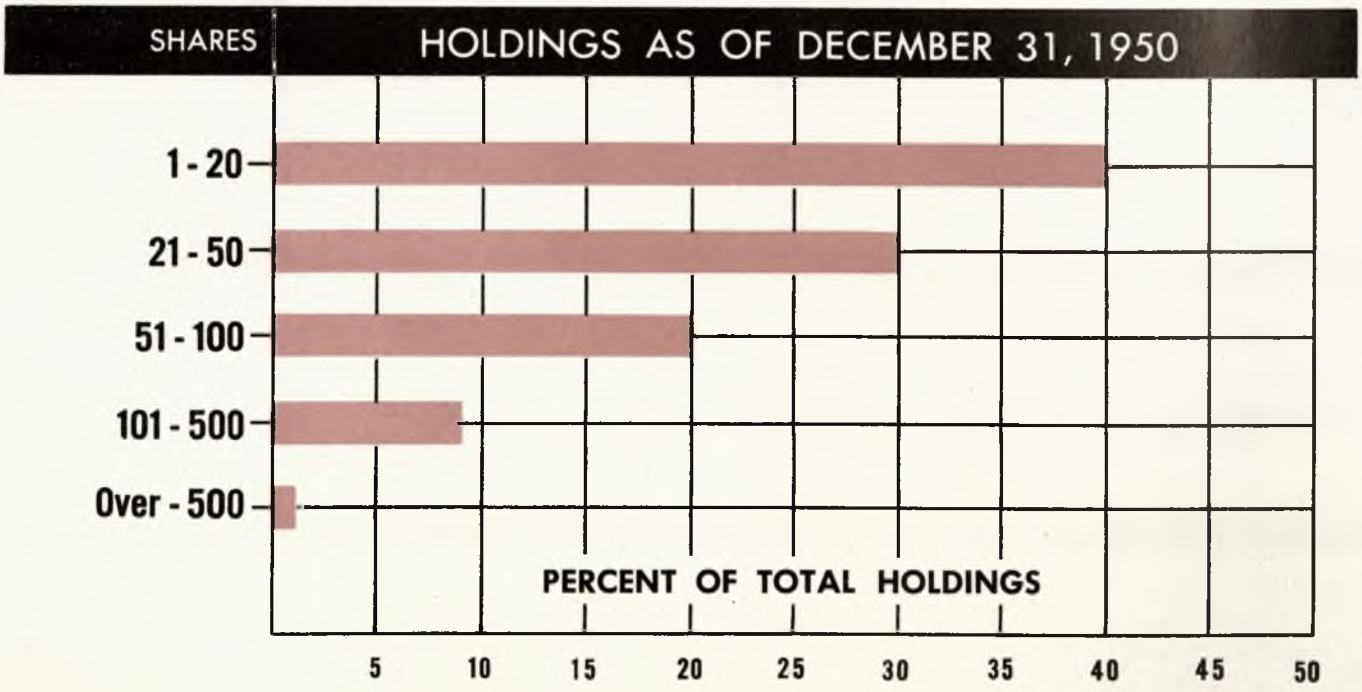
Stockholders



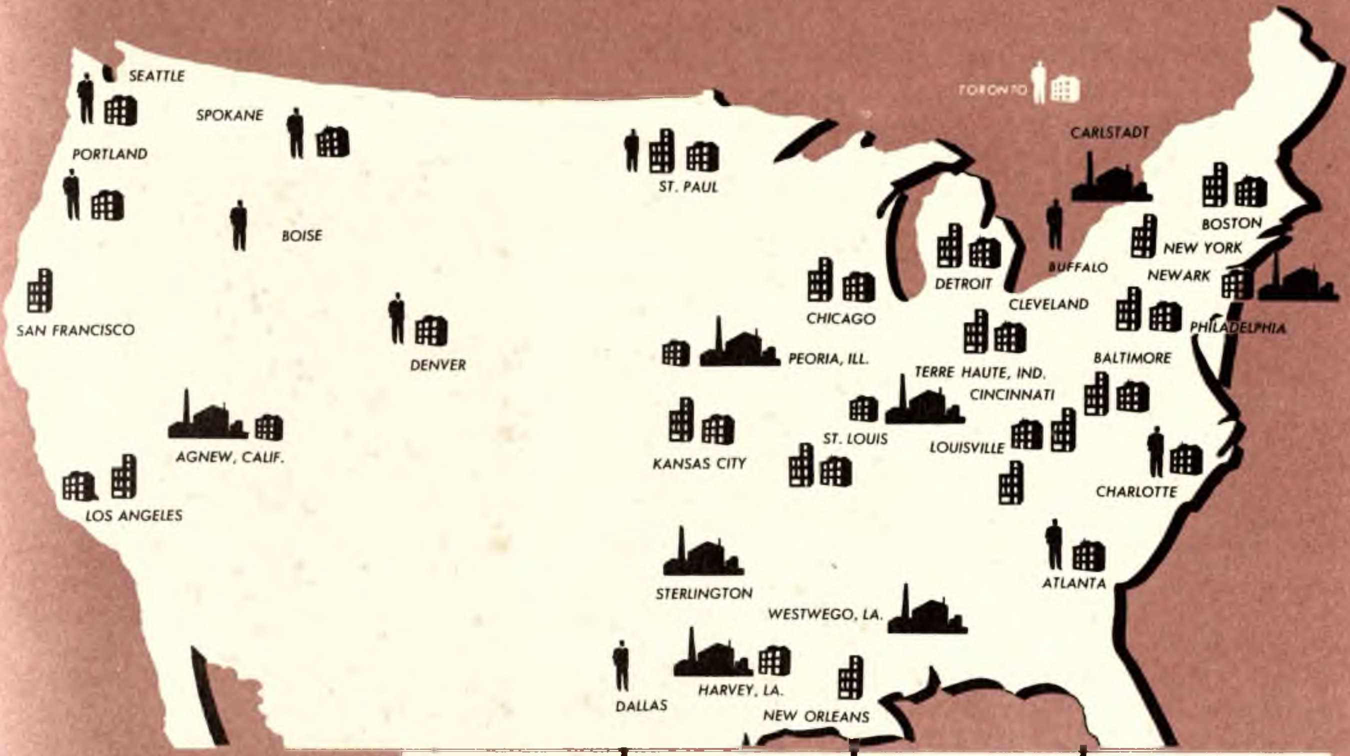
Commercial Solvents Corporation, having neither bonds nor preferred stock outstanding, is wholly owned by those who hold its common stock. At the end of 1950 there were 22,340 registered stockholders located in all of the 48 states and all the possessions of the United States, as well as in 29 foreign countries. In addition, brokers, nominees, investment trusts, and institutions such as insurance companies and banks which hold stock in the Corporation, represent thousands of investors, depositors, and policyholders.

Of the total number of stockholders, approximately 20,000 own from 1 to 100 shares each. The capital of the Corporation thus comes from the savings of many, who represent a large cross-section of the American public. It is this combined investment which makes possible this Corporation and provides the tools with which we work.

To keep stockholders informed of the Corporation's activities throughout the year, quarterly progress reports are issued.



COMMERCIAL SOLVENTS CORPORATION



	BRANCH OFFICE	AGENT	WAREHOUSE	PLANT
AGNEW, CALIF.			●	●
ATLANTA, GA.		●	●	
BALTIMORE, MD.	●		●	
BOISE, IDAHO		●	●	
BOSTON, MASS.	●	●	●	
BUFFALO, N. Y.		●		
CARLSTADT, N. J.			●	●
CHARLOTTE, N. C.	●	●	●	
CHICAGO, ILL.	●	●	●	
CINCINNATI, OHIO	●	●	●	
CLEVELAND, OHIO	●		●	
DALLAS, TEXAS		●	●	
DENVER, COLO.		●		
DETROIT, MICH.	●		●	
HARVEY, LA.				●
KANSAS CITY, MO.	●		●	
LEROY, N. Y.		●		
LOS ANGELES, CALIF.	●		●	
LOUISVILLE, KY.	●			
MINNEAPOLIS, MINN.		●		
NEWARK, N. J.			●	●
NEW CASTLE, PA.		●		
NEW ORLEANS, LA.	●			
NEW YORK, N. Y.	●			
PEORIA, ILL.			●	●
PHILADELPHIA, PA.	●	●	●	
PORTLAND, ORE.		●	●	
ST. LOUIS, MO.	●	●	●	
ST. PAUL, MINN.	●		●	
SAN FRANCISCO, CALIF.	●			
SEATTLE, WASH.		●	●	
SPOKANE, WASH.		●	●	
STERLINGTON, LA.				●
TERRE HAUTE, IND.			●	●
TORONTO, CANADA		●	●	
WESTWEGO, LA.				●

Litho'd in U.S.A.